THE TONGAAT-HULETT GROUP LIMITED ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2004

2004 | ANNUAL REPORT

year ended 31 December

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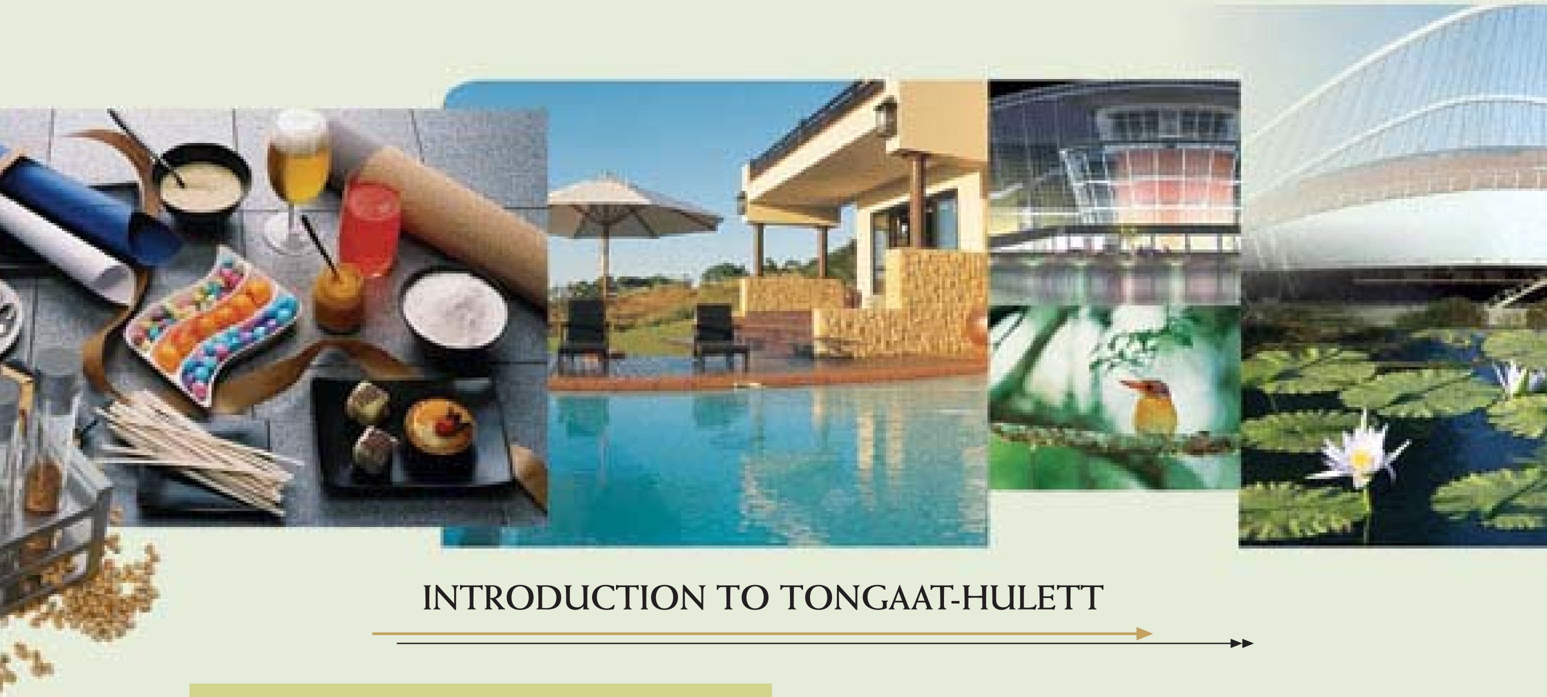


INTRODUCTION TO TONGAAT-HULETT

Tongaat-Hulett is an established group of four strategically placed and focused businesses, with an effective balance of expertise, size, diversity and growth opportunities. A change process is underway, having a positive impact both on how the businesses operate and how Group wide issues are dealt with. The Group has strengthened and invested in its operating companies, all of which have unique competitive positions that cannot easily be replicated. The platform that has been established with these businesses has resulted in the Group now being in an ideal position to deliver substantial earnings growth. This, together with its significant growth opportunities, sees the Group well positioned to deliver value for stakeholders well into the future.

The Group has its roots as far back as the nineteenth century and is the largest listed corporate headquartered in KwaZulu-Natal. It has a proud Southern African history and employs some 27 000 people in the region. The changes and actions that are currently underway are typical of the pioneering spirit evident in Tongaat-Hulett's history.

Tongaat-Hulett's corporate centre is not defined by locality but by the expertise that is drawn from and applied on a Group wide basis. The small corporate centre endeavours to act swiftly, particularly on tough issues, where required. This includes interventions when there is a need to raise performance, to benefit more from existing linkages, to optimise synergies, to draw on experience that exists Group wide or to change paradigms through value creating insights. This is further enhanced by the cohesiveness of the top management team which is strengthened through managing directors of operating companies playing a significant role at the corporate centre, particularly on issues that have a Group wide impact and in areas where there are synergies, linkages and overlaps in the Group's activities and business models.

Capacity and competency building in the Group is practical. Leading change and transition remains an important responsibility of the leadership team. The Group's ability to capitalise on capabilities and synergies in an action orientated, task based manner is illustrated by the developing of a new business model at African Products, the transforming of Tongaat-Hulett Sugar for future success, accelerating earnings off the solid platform at Moreland and Hulett Aluminium emerging as a successful aluminium rolling business.

Tongaat-Hulett is growing earnings in its operating companies from its recently expanded asset base. The past two years have seen the business adapting to a stronger Rand. The Group is now well positioned to advance its growth and investment opportunities.

CHALLENGING THE PARADIGMS

The Tongaat-Hulett Group has been the guiding force behind Hulett Aluminium for over thirty years. It has played a significant role in the development of Hulett Aluminium's unique business model and in the investment in the state of the art facilities at Hulett Aluminium. This has enabled the company to successfully compete in the world market for high quality, technically demanding, and more profitable aluminium semi-fabricated products, such as heat treated plate, can end stock, lithographic sheet, bright treadplate, thin gauge foil, superior finish painted products and clad products for automotive heat exchangers.

The global aluminium rolled products market is being increasingly dominated by the three major multinationals. This has limited the number of producers who have the capability to manufacture the higher quality, more technically demanding products which Hulett Aluminium is able to produce. Hulett Aluminium's independence from the dominant competitors and its positioning in Tongaat-Hulett has enabled it to gain the confidence of its growing global customer base and to target its selected products and markets. With installed capacity equalling less than 2 percent of world demand for aluminium semi-fabricated products, and being sought after as an independent supplier, market opportunities are well in excess of available capacity. This allows the on-going optimisation of the allocation of available capacity to the most profitable market opportunities.

Capitalising on the low regional cost base and being well positioned on international shipping routes, Hulett Aluminium delivers high quality, technically demanding

products to more than 50 countries around the world, on flexible and demanding delivery schedules. The rolled products plant located in Pietermaritzburg constitutes the major activity and includes a number of hot and cold rolling mills together with foil mills, remelt facilities, coating lines and other precision finishing equipment.

As testimony to a proven product development, market positioning and capacity optimisation capability, sales of rolled products have grown from a base of 85 000 tons in 2000 to 144 000 tons in 2004, and are targeted to reach 200 000 tons beyond 2006.

The company is also the leading producer of extruded aluminium products in Africa with four plants in the region servicing a wide range of markets and with a particular capability to produce large and complex extruded sections. It also owns a number of strategically positioned downstream operations involved in the distribution of aluminium products and the manufacture of a diverse range of products which include rigid foil containers, high pressure aluminium cylinders and cladding products for the building industry.

Founded in 1949, Hulett Aluminium has been a cornerstone of the aluminium industry in South Africa and provides a critical link between the regional aluminium smelting industry and further job creating downstream fabrication for local and international markets. Exports of downstream products fabricated by customers of Hulett Aluminium have grown by close to 40 percent in 2004 and are expected to double in 2005.

A unique competitive position has been established for Hulett Aluminium. The Group is poised to benefit from the growing earnings stream and further growth and investment opportunities.

AFRICA'S MAJOR PRODUCER OF STARCH AND GLUCOSE

African Products continues to be the major producer of starch and glucose on the African Continent. Established in 1919, it has grown with South Africa to become a critical supplier to a wide range of South African and African industries.

Operating five wet-milling plants, including the ultra-modern Kliprivier facility, and an independent sorbitol plant, African Products converts some 600 000 tons per annum of maize into starch and starch-based products. It manufactures products of world-class quality and is a major beneficiator of one of South Africa's key agricultural products.

Starch, one of nature's most versatile raw materials, has already been established as a starting point for a large number of downstream products. With rising oil prices, the attractiveness of starch as a raw material has increased and research efforts are ongoing worldwide to develop new and innovative products based on this fascinating molecule.

African Products continues to monitor many of these developments with an eye to incorporating them in its product portfolio where appropriate. As a result of this drive, a number of new products have been successfully introduced to the South African market, and further developments are being planned.

At the same time African Products continues to focus on its established base business to ensure that opportunities for growth are exploited. Many of these products, which range from unmodified corn starch to highly refined glucose products, are key ingredients for local manufacturers of foodstuffs, beverages and a variety of industrial products. Growth in the South African economy will provide good growth prospects for these base product lines.

African Products, together with Tongaat-Hulett Sugar, is assessing opportunities to harness the joint agro-processing skills base which exists within the two companies. The Group is exploring areas where greater value can be extracted from the synergies between these businesses.

OPPORTUNITIES COMMON TO BOTH SUGAR AND STARCH AND GLUCOSE

The starch and glucose and sugar businesses offer similar products in some key overlapping market sectors. In many ways, what Tongaat-Hulett Sugar does to cane, African Products does to maize. In recent times there has been increasing visibility of the strategic issue that there are market sectors where the Group can potentially make complementary and substitute products.

Between Tongaat-Hulett Sugar and African Products, the Group produces almost half of the refined carbohydrates manufactured in South Africa. Tongaat-Hulett has built up considerable expertise in adding value to agricultural products, an area which requires specific knowledge and skills. This can provide a powerful base for the Group to expand its activities into adding value to other agricultural crops.

A WORLD LEADER IN SUGAR

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.

Tongaat-Hulett Sugar is well positioned in Southern Africa. In the KwaZulu-Natal North Coast and Zululand region it has four sugar mills with installed capacity to crush 9 million tons of cane per annum. In an average rainfall year this region produces 12 million tons of cane and Tongaat-Hulett Sugar is strategically positioned to further leverage efficiencies and economies as sugar milling in the region moves to improve its cost competitiveness. The matching of milling capacity to available cane supplies remains a key driver of low cost sugar production. Triangle Sugar in Zimbabwe is well positioned to enter a growth phase once the economic and socio-political climate in Zimbabwe is conducive to further investment. More recently, Tongaat-Hulett Sugar has grown in Swaziland and Mozambique, providing further opportunity to realise value in the years to come.

A key factor for future investment and profitability will be the effect on world market prices of changes to subsidies (both domestic and export), market protection and preferential market access through liberalisation of world trade. Furthermore, the expanding market for fuel ethanol produced from sugar cane as an environmentally friendly alternative to fossil fuels will underpin world sugar market prices. Tongaat-Hulett is increasing its focus away from the narrow sugar definition to a much broader sweetener and bio-fuels approach.

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 has been in the establishment of leaner and flatter structures where people at operating level are being empowered to assume greater responsibility and accountability for performance.

The management of existing and new sugar manufacturing technologies will facilitate the effective execution of the business objectives. Technology management is a key element of Tongaat-Hulett Sugar's 'lean' manufacturing strategy and will stimulate, support and leverage the continuous improvement of its operations. Work on Tongaat-Hulett Sugar's ground breaking refining technology is intensifying with 20 percent of the Felixton sugar mill's capacity being converted to the new technology enabling white sugar production directly from raw cane juice. A pilot plant using the new technology has been successfully deployed in Brazil for trials at two sugar mills.

One of the foundations of Tongaat-Hulett Sugar's success remains the powerful Huletts® brand. In 2004 it was voted by an independent survey as the fourth most admired food brand in South Africa and sixth favourite brand overall, measured in terms of awareness as well as trust and confidence. The brand offers a total sweetener solution including a range of high intensity sweeteners.

Tongaat-Hulett Sugar is increasingly seeing opportunities in environmentally sustainable energy generation from sugar cane. It continues to explore the co-generation of electricity and the expansion of ethanol production for use as a bio-fuel. These initiatives 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, this operation continues to be a leader with its range of energy and supplementary feeds, amongst others, as the cornerstone of its offerings to the livestock farming community.

PROPERTY DEVELOPMENT PLATFORM FOR GROWTH

Moreland is enhancing the value of the Group's prime properties and playing a key role in unlocking the potential of the Durban/Richards Bay coastal strip, making it one of Southern Africa's fastest growing development corridors. Moreland applies a co-ordinated, sustainable growth and development strategy which balances the enhancement and unlocking of the value of the Group's properties, the imperatives of economic growth and job creation and the need to conserve the natural environment.

Tongaat-Hulett owns 23 000 hectares of land in South Africa of which 11 600 hectares are potentially under urban or tourism development demand. The Group has the expertise and competence to manage the dynamics of optimising cane supplies when conditions favour sugar production and unlocking substantial value from its land holdings when circumstances support property development. This value creation is currently occurring on the KwaZulu-Natal coast north of Durban, with Moreland's established position being a key success factor.

Moreland's projects include residential, industrial, commercial and resort developments located in the prime coastal strip north of the Umgeni River in Durban, mainly concentrated in the La Lucia and Umhlanga Ridge/Mount Edgecombe node, where the major developments are the Mount Edgecombe Country Club Estates, La Lucia Ridge Office and Residential Estates and the Umhlanga Ridge New Town Centre. Moreland is developing a balanced community, providing places to live, work, learn, shop, play and pray, all within easy commuting distance. This is resulting in substantial cross-portfolio synergies and the successful development of Southern Africa's most sought after, internationally benchmarked, quality

of life environment. Moreland's other flagship projects are the Zimbali Coastal Resort and the RiverHorse Valley Business Estate.

Moreland has planned and developed approximately 1 000 hectares of land since 1990 at a cost in excess of R1 billion, which has facilitated the construction by its customers of more than 100 office and factory buildings, 5 000 residential units, Gateway and Crescent shopping centres (+ 160 000 square metres), the Sibaya Casino and Entertainment World, four hotels, Umhlanga Hospital, Crawford and Umhlanga Colleges and places of worship serving a wide range of religions. This constitutes total investment by Moreland's customers in excess of R10 billion and has resulted in Moreland's territory being one of Southern Africa's leading new property investment nodes.

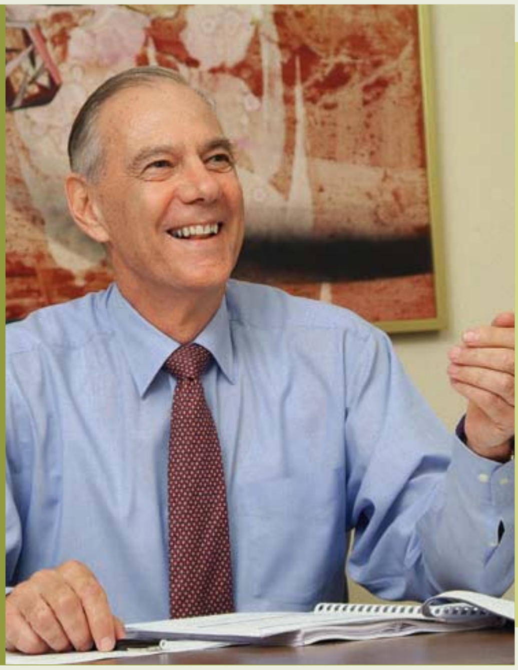
Being focused on land development – and effectively creating the environment in which its customers construct their buildings within pre-determined architectural guidelines – Moreland has adopted a partnership approach to development. This includes private public partnerships (PPPs) primarily with the eThekwini Municipality and the resort development joint venture with Kuwaiti-based International Financial Advisers (IFA), the latter having substantially improved the business' access to international customers. With its professional, multi-disciplinary team, supplemented by the effective management of outsourced property consultants and contractors, Moreland continues to provide a sound foundation for growth, economic investment, entrepreneurial empowerment and job creation.

Whilst continuing to realise the considerable future potential remaining in the current nodes, Moreland is keenly focused on enhancing and unlocking the value of more than 11 600 hectares of the Group's prime property which is under pressure for urban and tourism expansion situated at Shongweni, Umdloti, Tongaat/La Mercy, Tinley Manor and Nonoti/Zinkwazi/Thukela Mouth. Once developed by Moreland, this has an estimated value in excess of R2 billion.

SUSTAINABLE BUSINESS DEVELOPMENT

The Group has a holistic approach to the achievement of a balanced and integrated economic, social and environmental performance, underpinned by strong corporate governance. Tongaat-Hulett has a long history of sustainable business development and is committed to realising value for all stakeholders. The Group continues to build momentum with its broad based black economic empowerment and safety, health and environment achievements. Government relationships in the Southern African region continue to grow from strength to strength.

There is considerable value in the Group with its attractive profile, earnings momentum and improving investment rating. Furthermore, the four businesses have unique competitive positions that cannot easily be replicated. The Group has the ability to capitalise on the substantial synergies and linkages that exist between the businesses and their business models.



CEDRIC SAVAGE
Chairman

Tongaat-Hulett has adapted to the demands of the current economic environment to become even more competitive, as demonstrated by widespread cost reductions and efficiency gains. This has been achieved through determined management in our focused operating companies, backed by a sound financial framework.

GROWING EARNINGS

It is pleasing to record the substantial recovery in the operating and financial performance of the Group for the year ending 31 December 2004. Essentially, the improvement is a result of vigorous and detailed steps taken in pursuit of the Group's strategy of growing sustainable earnings from its current business base.

A final dividend of 120 cents per share has been declared, making a total of 170 cents per share for the year (2003: 120 cents per share).

SOUTH AFRICAN ECONOMY

The sound macroeconomic framework that has been put in place by the South African Government is providing a solid base on which manufacturing companies can develop and grow in the future. The control of inflation, decline in interest rates, growth in GDP and political stability are all positive factors which have also considerably enhanced the country's overall global rating. In this regard, our Government deserves to be congratulated.

The relatively strong Rand however has negatively affected exporters, including the Group, and has tended to mask the increasing competitiveness, earnings capacity and long term value of our major businesses.

Tongaat-Hulett has adapted to the demands of the current economic environment to become even more competitive, as demonstrated by widespread cost reductions and efficiency gains. This has been achieved through determined management in our focused operating companies, backed by a sound financial framework.

CORPORATE GOVERNANCE

Maintaining the highest standards of corporate governance has remained a board objective during the year and we fully comply with the requirements of King II.

We have a board, protecting shareholder interests, with diverse skills and appropriate experience. Six of the thirteen non-executive directors are independent, as are the chairpersons of both the Audit and Compliance and Remuneration committees. The self-evaluation of the performance of the board and its individual members is an ongoing process with positive outcomes.

The Group's shareholder base of 6 385 shareholders has a significant number of small shareholders, with more than 70 percent of the shareholders holding less than 1 000 shares and less than 6 percent holding more than 10 000 shares.

BUSINESS SUSTAINABILITY

Tongaat-Hulett recognises all shareholders as important stakeholders. It also recognises that the sustainability of its businesses is dependent on the wellbeing and

THE SUBSTANTIAL RECOVERY IN THE OPERATING AND FINANCIAL PERFORMANCE IS A RESULT OF VIGOROUS AND DETAILED STEPS TAKEN IN PURSUIT OF THE GROUP'S STRATEGY OF GROWING SUSTAINABLE EARNINGS FROM ITS CURRENT BUSINESS BASE. THE GROUP IS APPROPRIATELY POSITIONED TO DELIVER SUBSTANTIAL EARNINGS GROWTH AND VALUE TO ALL STAKEHOLDERS.

development of its people, constructive interactions with communities and the social and physical environments in which those businesses operate. It was therefore pleasing to have our view of business acknowledged by the Group's inclusion in the JSE Securities Exchange's Socially Responsible Index (SRI) which was launched in May 2004.

During the year the Group continued to make good progress in the areas of safety in the workplace, the environment and employee health programmes, particularly those of HIV/AIDS and malaria. It has also made further inroads in broad based black economic empowerment, especially in employment equity and procurement.

The Group's activities in the areas of corporate governance and sustainability are covered in more detail on pages 22 to 33 of this Annual Report.

CONCLUSION

I would like to take this opportunity to welcome Barry Davison and Ian Botha who joined the board as non-executive directors during the year and we look forward to their contribution.

Interacting with Peter Staude and his competent and dedicated team has been a privilege. They have played a pivotal role in entrenching a culture of performance and productivity which has enhanced the capacity of all our people to cope with the demands of a challenging business environment.

Finally, I would like to express my sincere appreciation to my fellow board members for their contributions, advice and counsel. My thanks too are extended to Peter, his executive team and all the people at Tongaat-Hulett for their continuing loyalty, productivity and dedication.

I am confident that the Group is well prepared for the tough challenges it faces in delivering improved operational and financial performance. The Group is appropriately positioned to deliver substantial earnings growth and value to all stakeholders.

Cedric Savage
Chairman

Amanzimnyama
Tongaat, KwaZulu-Natal

18 February 2005

INTRODUCTION

Management actions continue throughout the Group to improve profitability and the early benefits are reflected in the 2004 financial results. Headline earnings of R214 million is particularly encouraging as it represents a turnaround of R307 million from the previous year and is an indication of Tongaat-Hulett's potential. Considerable value is being unlocked in the Group with its earnings momentum, its balanced profile of four sizeable, strategically positioned and focused operating companies and its improving investment rating.

Benefits are materialising from the solid platforms created and the substantial investments previously made in each business. A review of the underlying business models of all operations has been undertaken, resulting in actions to optimise capacity utilisation, enhance sales mix, improve raw material procurement, grow volumes and reduce costs. These actions are countering the effect of factors such as the strengthening currency and the small sugar crops harvested in 2003 and 2004.

closure and restructure of the 180 people sugar head office in 2004 and following the 50 percent staff reduction at the Group's head office in 2003.

- Downsizing of centralised services completed.
- Maputo office costs eliminated.
- Restructure costs of R29 million incurred in 2004.
- Benefits of R26 million per annum going forward.
- The sale of the La Lucia building to happen in 2005.

Milling costs targeted to be reduced by 10 percent

- Reorganisation of the South African milling operations from five mill structures to two regional business units completed.
- Service and operating functions rationalised.
- Cost reduction of 6 percent achieved in 2004.
- Action taken that will lead to expected savings of 10 percent in 2005.

Increase benefits from refining value chain

- Benchmarking exercise concluded and action plans developed.

THE PAST YEAR'S EMPHASIS WAS ON ACTIONS TO GROW EARNINGS RAPIDLY. TONGAAT-HULETT IS ADJUSTING TO THE STRONGER CURRENCY AND IS BUILDING EARNINGS MOMENTUM. THE MIX OF BUSINESSES IN THE GROUP WAS AGAIN A STRENGTH IN 2004.

EARNINGS ENHANCING ACTIONS

On the first page of last year's Annual Report, we clearly set out our comprehensive plan and it is pleasing to report on our progress against those targets.

TONGAAT-HULETT SUGAR

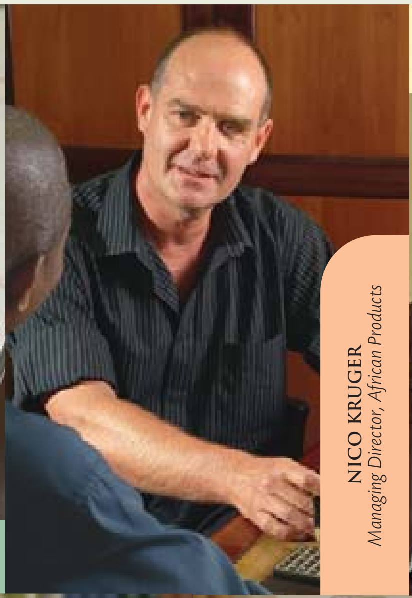
Move to a leaner and more decentralised management approach and reduce head office overheads by at least 50 percent

- Flatter management structure achieved throughout the organisation, with levels of management removed.
- Closure of the sugar head office completed.
- The small Tongaat-Hulett Sugar leadership team joined the Amanzimnyama offices in Tongaat, following the
- Multiple manufacturing improvement projects currently underway.
- More value realised from the Huletts® brand and value added products such as Equisweet.
- Restructure of central refinery to take place in the first half of 2005.
- Future benefits of up to R80 million per annum targeted.

Leverage technology base and improve its commercial capabilities, focusing on future growth opportunities

- New refining technology plant approved for installation at Felixton mill with expected benefits of R14 million per annum.
- Pilot plant successfully deployed in Brazil for trials at two mills with marketing efforts underway to generate significant royalties from the sale of this new refining technology.

BRUCE DUNLOP
Managing Director, Tongaat-Hulett Sugar



NICO KRUGER
Managing Director, African Products

ALAN FOURIE
Managing Director, Hulett Aluminium

PETER STAUDE
CHIEF EXECUTIVE OFFICER

GORDON HIBBERT
Managing Director, Moreland

"The Tongaat-Hulett Lead Team has entrenched an action orientated and results driven approach focused on the Group's opportunities and challenges."

STEVEN SAUNDERS
Chairman, Tongaat-Hulett Sugar and Moreland

MURRAY MUNRO
Group Financial Director

MENANTEAU SERFONTEIN
Group Human Resources Director

Optimise capacity utilisation at all mills through cane supply initiatives in South Africa

- Closure of the Entumeni mill with the diversion of cane to the Amatikulu mill completed.
- Additional cane supplies of 618 000 tons per annum contracted for future years.
- Further cane supplies of 214 000 tons under consideration for 2005.
- Investigating further cane supply initiatives going forward.

Achieve a turnaround in Mozambique, with a positive contribution in 2004

- Positive contribution of R23 million to headline earnings achieved.
- Reorganisation of funding structures successfully completed.
- Targeted production of 100 000 tons sugar set for 2005, towards full capacity of 156 000 tons by 2008.

Proactively manage Triangle in Zimbabwe

- Dividends of R51 million remitted during 2004.
- Operations continue to remain profitable in difficult circumstances.

AFRICAN PRODUCTS

Implement new maize procurement/product pricing model

- The move to a new back-to-back maize procurement and prime product pricing model completed.
- The maize valuation adjustments requiring to be charged to the income statement have been eliminated.
- The maize from the previous procurement approach was utilised by the end of October 2004.
- The business is favoured by maize prices moving to export parity, as the South African maize surplus seems set to continue.

Reduce costs

- Fixed costs, excluding depreciation, held at below 2002 and 2003 levels.
- Record production volumes achieved at the Bellville mill, thereby reducing transhipment costs.
- Major restructure exercise underway relating to manning levels and skills profiles, to be completed in the first half of 2005.
- Further cost reductions of R10 million targeted for 2005.

Grow volumes

- A significant proportion of the volumes lost to direct imports as a result of the strengthening currency have been regained.
- Strong local demand provides the opportunity for future growth.
- New value-added products introduced during the year, with further growth opportunities.

HULETT ALUMINIUM

Grow volumes

- Volumes up 10 percent, despite disruptions which adversely affected output by 7 percent.
- Promising fourth quarter 2004 with annualised rolled products output of 160 000 tons.
- Target output of 175 000 tons for 2005, projected to exceed 200 000 tons from the existing facility.

Enhance sales mix

- Increased value-added exports by customers contributed to the local market sales growing by 11 percent.
- Increased sales of high value, high margin products.
- Can end stock export sales almost trebled over the last two years and are expected to double over the next 2 years.
- Clad sales almost trebled in 2004 and are expected to more than quadruple over the next 3 years.
- Exports of building and painted products up 34 percent and are expected to grow by 20 percent in 2005.

Reduce costs

- Conversion costs per ton down 4,9 percent in nominal terms and 9,2 percent in real terms.
- Metal premium and recycling costs per ton reduced by 11,7 percent.
- Total energy cost increases limited to 4,4 percent despite increased volume.

MORELAND

Capitalise on solid platform

- Another milestone performance with revenue up 86 percent and earnings up 103 percent.
- Moreland-IFA Zimbali joint venture surging ahead.
- Residential projects at Izinga and Ilala Ridges yielded strong sales.
- Good sales achieved in Umhlanga Ridge New Town Centre.
- Successful opening of Moreland project-directed uShaka Marine World and Afrisun's Sibaya Casino and Entertainment Kingdom, both being major economic growth drivers in Durban.
- Firmly established, with most of the Group's land in areas having high potential for development and growth into the future.

Unlock development pipeline to sustain earnings

- Three major road developments have opened up new development nodes for future growth.
- Achieved increase in development pace from a historical average of 100 hectares to 250 hectares per annum in 2004.
- Increase in momentum of unlocking of new projects achieved.
- Expanding international customer base.
- Target to unlock the Sibaya area between Umhlanga and Umdloti as well as La Lucia Ridge Executive Village and Mount Edgecombe South in 2005.
- IFA's investment in a 200 room, 5-star hotel and the second golf course at Zimbali Lakes expected to commence in 2006.

Expand business model

- 4,5 percent equity investment in Afrisun KZN taken up.
- Business plans being developed for IFA joint venture downstream opportunities; Zimbali estate agency already established.
- Several joint ventures with other partners being explored.

FINANCIAL PERFORMANCE

The Group recorded headline earnings of R214 million in 2004, a R307 million improvement from last year. This was generated off revenue of R6,3 billion (2003: R6,6 billion) in a year when the Rand strengthened against the US dollar by 15 percent and with little movement in US dollar selling prices contained in these results.

Operating profit improved to R364 million from R80 million in 2003. Management's profit improvement actions across the Group, which have started taking effect, largely offset the negative effects on underlying operating profit of factors such as the strengthening Rand, high priced maize and the small sugar crops harvested in the last two years. Underlying operating profit is now more affected by these factors while the exposure to valuation adjustments has been reduced. The valuation adjustments charged against income were R347 million less than the prior year. These valuation items relate mainly to the valuation of certain contracts and balance sheet items at the end of the period. The maize futures position reported in the previous year, which was required to be marked to market through the income statement, was eliminated in 2004 and a close-out valuation gain of R18 million realised, compared to the R211 million charge in the previous year.

The Group's share of equity accounted associate company profit increased by R51 million, with a positive contribution from the sugar operations in Mozambique.

Net finance costs were R93 million compared to R152 million in 2003. The main drivers in this reduction were lower interest rates, lower maize finance costs and the benefit of reorganising the funding structure of Mafambisse in Mozambique.

Cash flow before dividends for the year was an inflow of R93 million, an improvement compared to the R206 million outflow in 2003.

The Board has declared a final dividend of 120 cents per share, which brings the total annual dividend to 170 cents per share, a 42 percent increase over 2003.

The balance sheet remains sound with net borrowings as a percentage of equity at 13,2 percent (2003: 13,4 percent) and Tongaat-Hulett remains well positioned to capitalise on the attractive growth and investment opportunities that exist for the Group.

OPERATIONAL PERFORMANCE

The progress made in 2004 is in line with the ongoing strategy of unlocking earnings growth from the existing platform of four sizeable operating companies. This has been achieved in a challenging business environment.

HULETT ALUMINIUM

The improved results in the Group's aluminium business have been achieved notwithstanding the impact of the strengthening of the currency. The established base enables the remaining 25 percent of rolled products production capacity to be utilised at significantly higher levels of profitability.

Hulett Aluminium improved its operating profit to R150 million (2003: R5 million), with the Group's share being 50 percent thereof. The focus remains on increasing volumes, improving product mix and reducing unit costs. These factors have together generated financial benefits approaching R450 million in the past two years, and have largely offset the effects of the strengthening Rand. Hulett Aluminium started benefiting at the end of 2004 from rising US dollar rolling margins, especially in North America and Asia.

Growing Volumes

The ongoing consolidation of the rolled products industry continued in 2004. Alcan concluded its acquisition of Pechiney, the major French based aluminium producer, and subsequently floated the majority of the combined rolled products operations into a new listed company, Novelis. This means that the largest rolled products business in the world is no longer part of a vertically integrated aluminium company and will result in increased focus on the profitability of the global rolled products industry. Alcoa has also contributed to the ongoing consolidation through its acquisition of the rolled products assets of Rusal, the major aluminium producer in Russia.

This consolidation has created opportunities for the relatively few remaining independent aluminium rolled products producers, as end users seek alternative sources of supply. This applies particularly to the high value-added products where there are high barriers to entry. Hulett Aluminium is not market constrained and can comfortably sell its total output. As in many other manufacturing industries, the more profitable aluminium rolled products tend to be those that require more sophisticated plant and process technology, coupled with the ability to meet high quality levels. Hulett Aluminium is applying

methodologies and capacity optimisation models to allocate its available capacity to the most profitable product mix, based on matching excess sales opportunities with a flexible manufacturing capability.

Hulett Aluminium supported recent initiatives by a number of downstream customers who have increased their investment in manufacturing capacity. This resulted in robust growth in this market of more than 11 percent in 2004, particularly in the transport, automotive and packaging sectors. Demand for aluminium extrusions in the local market has also been high, particularly for architectural products, leading to an 11 percent growth in extrusion sales volumes.

The international market has been characterised by improved demand. Rolling margins, especially in North America and Asia, improved in the last quarter with encouraging signs of this trend continuing. The strengthening of the Euro and the more sluggish growth in Europe has limited the improvements in the European market, although attractive opportunities exist in selected product lines. The rolled products operation increased export sales by more than 10 percent, with further growth limited by the allocation of production capacity to the growing local market.

Total rolled products sales volumes increased by more than 10 percent to 144 000 tons. Further growth in sales was hampered by reduced output arising from a fire on the Camps Drift hot mill in May 2004 and a four week strike in the second half of the year. The improved manufacturing performance, achieved despite these set backs, was confirmed by the output of 160 000 tons annualised, achieved in the last quarter of 2004. The rolled products operation remains on track to achieve its long term targeted sales volumes of more than 200 000 tons beyond 2006.

Anti-dumping Petition

In November 2004 the US International Trade Commission (ITC) ruled that heat treated plate exports into the US by Hulett Aluminium had not caused injury to the US aluminium industry, and thus dismissed Alcoa's application for the imposition of an anti-dumping duty. It is pleasing that the ruling by the ITC confirmed Hulett Aluminium's earlier statements that the petition was without merit. The proceedings also confirmed that Hulett Aluminium can compete in established markets as an independent supplier of high quality and profitable niche products with a low cost base compared to its competitors. Numerous approaches from prospective customers were received during the period of the petition.

Enhancing the Product Mix

Hulett Aluminium continues to place major emphasis on achieving a more profitable product mix by growing sales of higher margin and more technically demanding products.

Exports of can end stock, a demanding high strength, thin gauge product, have almost trebled over the last two years, and are expected to again increase significantly over the next two years. Exports of building and painted products have grown by 34 percent in the year, with a number of prestigious projects utilising Hulett Aluminium's sheet, including the roof of the cycling velodrome built for the 2004 Olympic Games in Athens, and the recently completed Beijing Opera House.

Total sales of clad products, a multi-alloy and multi-layered product used primarily in heat exchangers in the automotive industry, have more than trebled in 2004. With the use of heat exchangers growing rapidly, sales volumes of this product are expected to show strong growth.

Reducing Costs

The ramp-up of production of rolled products has been accompanied by low cost increases in recent years, as the cost base of the plant is fully established, and additional output can be achieved with only marginal increases in costs, with a consequent rapid reduction in unit costs. Conversion costs per ton decreased by 4,9 percent in 2004 as a result of the volume growth and cost savings.

Further output increases in the next three years will see conversion costs per ton decreasing by more than 20 percent in real terms. Savings in costs have been achieved, particularly in recycling costs, with total metal premium and recycling costs per ton decreasing by more than 10 percent in 2004. The opportunity exists and is being targeted to further reduce costs in these and other areas.

AFRICAN PRODUCTS

By the end of 2004, solid progress had been made with the new business model. Maize pricing is now in tandem with customer pricing and African Products will continue its turnaround in 2005.

African Products experienced a year of transition, with a move to a new maize procurement and product pricing model, and the commencement of a profit recovery. Operating profit improved to R63 million (2003: loss of R104 million) despite the pressure of the exchange rate on local pricing and export contributions, together with the high priced maize procured under the previous business model. Domestic sales volumes of prime products were 2 percent below those of 2003 as a result of the pressure from imports of starch and glucose in African Products' markets and imports of finished products in its customers' markets.

Maize Procurement and Prime Product Pricing

The maize priced under the previous procurement approach was utilised by the end of October 2004. The maize for all sales thereafter was priced when prime product prices and volumes were agreed with customers. The progress with the adoption of this back-to-back approach resulted in African Products recording a return to profitability during the last quarter of 2004.

Physical maize supply has been delinked from pricing. Maize for physical delivery has been secured up to June 2006. Approximately 54 percent of the maize and non-toll sales for the rest of 2005 are unpriced. The balance has been priced with customers at margins that will contribute to a return to an acceptable level of profitability for African Products in 2005.

Local Market

African Products' sales to the South African market have suffered under the pressure from imports of both starch and glucose and customers' products with this year's sales being 2 percent below 2003. Following the loss of significant volumes to direct imports, African Products has successfully regained more than half of these volume losses during the last quarter of 2004.

African Products is well placed, with its installed capacity, to benefit from growth in local demand for starch and glucose products. It is encouraging that sales volumes for the last quarter of 2004 were 2,2 percent above the comparative period for 2003. The strong growth being experienced in the South African economy and the underlying strength of demand for starch and glucose indicates the potential for good volume growth in the coming years.

Export Markets

African Products succeeded in exporting some 53 000 tons in 2004, albeit at reduced contributions, and underscores the reputation that it has developed for high quality products in international markets. This was achieved despite exports continuing to experience significant pressure from the strong currency, port congestion and sharply higher international freight rates. It represents approximately 12 percent of African Products' prime product sales.

International Trends in Starch and Glucose

This year saw a further increase in the movement of starch and glucose around the world. Following the upward movement of prices late in 2003, delivered prices remained relatively stable throughout 2004. Competition out of the East has increased, with China seeing a significant investment in wet-milling capacity. This is expected to be taken up by domestic consumption over the next few years. African Products has been successful in fending off aggressive attacks from foreign competitors, particularly in the last quarter of 2004.

Cost Management

Fixed cash costs in 2004 were again held below 2002 levels. A major restructuring exercise is currently underway, relating to manning levels and skills profiles, to allow African Products to meet the challenges of a highly competitive environment. This exercise will lead to further savings in overhead costs.

TONGAAT-HULETT SUGAR

Tongaat-Hulett Sugar has successfully undertaken many earnings enhancing actions in this challenging time. These have already started to take effect and, together with additional initiatives that have been identified, place the business in a strong position moving forward.

Tongaat-Hulett Sugar's profit from operations, before interest, totalled R184 million (2003: R202 million). This includes dividends from Triangle, the equity accounted share of operating profit at Xinavane in Mozambique and is before restructuring costs. The relatively low sugar crop experienced for the second year in a row, together with the decrease in the South African domestic sugar price late in 2003 and the strengthening Rand's effect on export realisations, depressed margins in 2004. The recent substantial increase in the international sugar price has not yet impacted the financial results.

Geared for Success

Tongaat-Hulett Sugar has responded proactively to the challenging environment. Actions that have been completed in the South African operations include the closure of the Entumeni mill with the diversion of cane to the Amatikulu mill, the closure of the sugar head office, downsizing of centralised services, the reorganisation of the milling operations from five mill structures to two regional business units and the conclusion of a benchmarking exercise to increase the benefit from the refining value chain. More value is being realised from the Huletts brand and value-added products. After a pilot plant ran successfully for two years, a new refining technology plant has been approved for installation at the Felixton mill. A pilot plant using this technology has also been successfully deployed in Brazil for trials at two sugar mills. Mozambique is one of the important growth areas and has now made a positive contribution to earnings. The benefits of the actions completed and the further substantial actions being taken will flow in future periods.

Production

Total sugar production in 2004 increased to 1,081 million tons, 2,8 percent up on 2003. The total cane crush of 9,4 million tons in 2004 represents 72 percent of installed capacity compared to 71 percent in the 2003 year.

Sugar production in South Africa of 724 000 tons was 11 percent up on the 652 000 tons produced last year but still well down on the 860 000 tons of 2002. The successive sugar crops harvested in the 2003 and 2004 seasons rank amongst the lowest in the last decade and

are attributable to poor rainfall in many parts of the cane belt. Tongaat-Hulett's share of the South African Sugar industry production increased from an all time low of 27,1 percent in 2003 to 32,6 percent in 2004.

The drought experienced in Swaziland at the beginning of the season resulted in Tambankulu Estates producing the raw sugar equivalent of approximately 50 000 tons, compared to 54 000 tons in the 2003 season.

The socio-political and economic difficulties of operating in Zimbabwe have continued and Triangle's sugar production decreased to 222 000 tons, 16 percent down on the previous year. The operation has remained profitable and intact and dividends of R51 million (2003: R19 million) were remitted during the year.

In Mozambique the rehabilitation of the Mafambisse and Xinavane sugar estates continued in 2004 with sugar production of 85 000 tons compared to 82 000 tons in the 2003 season. A positive contribution of R23 million to headline earnings was achieved, equating to a turnaround of R88 million.

In terms of installed milling capacity, Tongaat-Hulett Sugar is capable of producing 1,5 million tons of sugar per annum compared to the 1,081 million tons produced in 2004. Plans are in place to continue to optimise capacity utilisation. Cane supplies of an additional 832 000 tons have been identified in South Africa with 618 000 tons already contracted. In Mozambique, the planting of new areas under cane and the maximisation of yields is progressing with the target capacity of 156 000 tons sugar expected within the next four years.

Domestic Markets

Tongaat-Hulett Sugar's brands performed well in 2004 with Huletts® being voted by an independent survey South Africa's fourth 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 464 000 tons show a decrease of 7 percent over the prior year and the 7 percent decrease in the price of sugar in October 2003 resulted in a reduction in margins. Stock holdings at December 2004 have increased by 11 percent to 195 000 tons.

Continued 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 22 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 achieve increases in controlled prices.

Voermol Feeds, the molasses and bagasse-based animal feeds operation, continued to experience favourable trading conditions. Its contribution to Tongaat-Hulett Sugar's earnings in 2004 was in line with that of the previous year.

International Markets

Export market prices in Rand terms in 2004 were approximately 13 percent below those prevailing in the 2003 year due mainly to the strength of the Rand. Export sales at 292 000 tons show a 15 percent decrease over 2003 with stocks on hand at the end of December 2004 increasing by 37 percent to 139 000 tons.

The growth of over 2 percent per annum experienced in both world consumption and production over the past 20 years, driven primarily by Asian and Far East consumption growth, is forecast to continue in the next 5 to 10 years. More recently, global demand for sugar has grown at a compound average growth rate of 2,25 percent over the four years ending 2004. The bulk of demand in volume terms continues to arise in the highly populated regions of Asia and the Far East.

There are indications that the EU's Common Agricultural Policy (CAP) as it relates to sugar might give rise to substantial reform in the sector, phased in over a period of time. Any accelerated deregulation of the EU sugar regime and/or the regime applying in the US might come at a cost to preferential market access benefits (volumes and prices) enjoyed by developing countries and Least Developed Countries. Equally, it could see a rally in the world sugar price sooner than expected. These developments will present opportunities for Tongaat-Hulett Sugar.

MORELAND

The visibility of the value of the Group's land is increasing. Moreland has made good use of its development expertise and is unlocking value at an increased pace.

Moreland's platform of prime property developments established over the past decade has enabled it to capitalise on the favourable resorts and residential property market and the strengthening commercial and industrial property sectors in the greater Durban area and post a record operating profit of R182 million (2003: R90 million).

Market Environment

The lower interest rate environment, increased investor confidence and the emerging empowerment market have improved property investor sentiment and raised investment levels in the greater Durban region, with the areas where Moreland operates north of the Umgeni River continuing to be the best performing sub-region and one of the top national market performers. The favourable market conditions have enabled Moreland to raise its revenue platform to a higher level over the past twenty months. New projects were launched during the year with outstanding performances achieved in the Zimbali resort and the Ilala and Izinga Ridge residential projects in La Lucia and Umhlanga respectively.

Escalating the Pace of Development Activity

The Moreland-IFA Zimbali Resort development joint venture is moving ahead and will be boosted by IFA's investment in a 200 room, 5-star hotel and the second golf course in Zimbali Lakes expected to commence in 2006. The successful opening of Durban's internationally acclaimed uShaka Marine World in April, coupled with the real estate sales of R110 million in the Durban-Point Development project over the last year – both projects managed by Moreland on behalf of eThekwini Municipality (Durban) and its partners – is already seeing the rejuvenation of the Durban-Point precinct as evidenced by the proposals to construct multi-storey luxury apartment buildings and boutique hotels.

The new residential projects and phases at Izinga and Ilala Ridges yielded good sales with sites accommodating approximately 250 medium rise, medium density residential apartments sold during the year, including a sale of R30 million to a Gauteng based developer with international links. New residential property prices north of Durban have reached unprecedented regional highs but still lag comparable properties in Cape Town and Johannesburg, whilst offering reasonable price ranges.

Increased sales have been achieved in the Umhlanga Ridge New Town Centre including sites for almost 1 000 apartments and the first site for a corporate head-office building having been concluded. The Town Centre surrounds Old Mutual's Gateway Theatre of Shopping, which has also added 12 600 square metres to

accommodate the Edgars and Game chain stores and now totals 137 000 square metres. All but one site in the La Lucia Ridge Office Estate have been sold – which brings the total commercial space sold within 8 years to approximately 240 000 square metres – and Barloworld opened its Durban flagship 22 000 square metres motor dealership campus. eThekweni's Queen Nandi Drive link road, which is nearing completion, has increased accessibility to RiverHorse Valley Business Estate (being developed in partnership with the Municipality) and Briardene Industrial Park, where several large deals have been concluded and a number of buildings completed during the year.

Unlocking the Development Pipeline

Major road developments north of Umhlanga are unlocking the new Sibaya and Zimbali Lakes development nodes with substantial future growth potential. The Sibaya Interchange on the N2 at Umdloti has been completed and facilitated a second access to Afrisun's R730 million Casino and Entertainment Kingdom which opened in December. The much-awaited realignment of the M4 Coastal Freeway around the Zimbali Resort will be ready for use in March 2005.

The excellent 2004 performance has reduced Moreland's serviced stock and a number of environmental impact and development approval applications are being fast-tracked with the provincial and local governments to unlock these and other nodes in 2005, largely in the second half year, in order to sustain Moreland's development momentum.

SUSTAINABILITY

The Group has made significant progress in 2004 in the areas of workplace safety, health and environment as well as broad based black economic empowerment.

The focus on behaviour based safety systems, visible felt leadership and entrenched safety rules has proved to be beneficial. Substantial progress has been made in safety performance with the Lost Time Injury Frequency Rate (LTIFR) decreasing from 1,27 for 2003 to 0,46 in 2004 and the Total Recordable Case Frequency Rate (TRCFR) decreasing from 2,36 for 2003 to 1,04 in 2004. This was achieved despite there regrettably having been three fatalities during the year. The causes of these incidents have been rigorously investigated and the incident reports detailing actions to prevent a recurrence have been widely disseminated.

Health is another priority and HIV/AIDS remains a major challenge. The Group encourages employees to participate in voluntary counselling and testing (VCT) and every effort is being made to effectively reduce the impact of HIV/AIDS. A total of 1 533 employees have presented for VCT during 2004 with 139 currently receiving free anti-retroviral treatment.

The Group has continued to improve its environmental performance. It is pleasing to report that existing ISO 14001 compliant operations have retained their certification and a number of operations have achieved accreditation during the year. All operating companies have embarked on programmes to conduct third party audits in terms of ISO 14001. In addition, there remains the opportunity to capitalise on sugar cane's capability as a source of environmentally sustainable energy generation.

Tongaat-Hulett continued its commitment to broad based black economic empowerment (BEE), including employment equity, skills development, procurement and enterprise development. The total BEE procurement spend for 2004 of R564 million represents almost a quarter of available spend, a significant increase on the

15 percent spent in the previous year. The Group has sold some 12 000 hectares to almost 100 BEE medium scale farmers since the commencement of its programme to transfer viable and sustainable sugar cane farms to previously disadvantaged emergent farmers. The first procurement of maize from emerging black farmers was a highlight of the past year and has potential for growth as more black farmers participate in agriculture.

A strong employment equity culture is entrenched through the Group with almost half of management and more than three quarters of skilled and supervisory positions comprising blacks. Throughout the South African operations, 55 percent of the total number of graduates and diplomates comprise black employees while women make up 23 percent. The number of employees who participated in skills training programmes during 2004 was 3 303.

The Group will continue its active and positive contribution to the social and economic transformation of Southern Africa.

GROWTH OPPORTUNITIES

Tongaat-Hulett is growing earnings from its established asset base and it is well positioned to pursue growth opportunities as the Group moves forward. This includes incremental growth initiatives and substantial investment opportunities in sugar and aluminium.

The Mozambique operations of Tongaat-Hulett Sugar and the expansions in Hulett Aluminium and African Products illustrate the Group's Southern African expertise to identify and manage growth, development and earnings enhancing projects in this region. The ability exists to apply Group wide skills to capitalise on the opportunities that arise from the strategic positioning and overlap of the Group's businesses.

Changes are emerging in world industry structures and markets for the Group's products that are encouraging for the pursuance of a number of attractive growth opportunities. A good example is the potential acceleration of the deregulation of the EU sugar regime and the resultant likely increase in the world sugar price, with the opportunity to expand the sugar operations in Mozambique.

Tongaat-Hulett Sugar has an increased focus away from a narrow raw sugar definition to a much broader sweetener and bio-fuels approach. The global movement towards "green" and environmentally friendly products and processes provide an opportunity to use sugar cane as a natural renewable resource to supply extracts, chemicals and material from its constituent fibres and juice. There is also the opportunity for the development of profitable electricity generation from bagasse-fuelled plants at the sugar mills.

Tongaat-Hulett Sugar has piloted the technology to produce white refined cane sugar directly out of a sugar mill (WSM), eliminating the need for a refinery. By November 2005, a plant using this technology will be operational at the Felixton sugar mill. This is opening the way for major shifts in the approach to sugar milling and refining. Brazil is the first targeted international destination for WSM and a pilot plant has been successfully deployed for trials at two sugar mills. Further marketing initiatives are underway, with significant potential equity/royalty opportunities for Tongaat-Hulett Sugar.

There are many growth opportunities within Hulett Aluminium in the high barrier to entry, more profitable sectors of the aluminium rolled products industry, where there are few independent suppliers. It currently has a global market share of less than 2 percent. The established manufacturing plant is modern and of a proven capability. Opportunities exist to incrementally build on the established competence, with additional capacity being added at a low capital cost per ton. Plans are advanced

for the installation of additional finishing equipment. The addition of further rolling capacity enhancements is being evaluated, which would be on a smaller scale than the original investment that created the Hulett Aluminium platform. The options range from continuous casters of hot rolled coil to increased foil rolling capacity. Consideration is also being given to the investment in value added processes for rolled products.

The area of agro-processing provides numerous opportunities for the Group, with Tongaat-Hulett Sugar's and African Products' resources complementing each other. These opportunities include new products and applications from current agricultural raw materials, as well as from alternative raw materials. Using the current business base, there is the possible production of unique modified starches or syrups, pharmaceutical intermediates and biochemicals. Other options include the processing of materials such as cassava, wheat, sorghum, guar and chicory for products and markets that range from depressants for the mining industry to animal feed formulations, inulin and prebiotics.

African Products continues to focus on looking for opportunities to add to its range of higher value products. With the initial sales of commercial quantities of starch-based adhesives, carboxyl methyl starch and guar/starch-based mining depressants, it is planned to expand sales in these product lines in 2005.

The Group continues to proactively manage the balancing of value creation between sugar and property development. The major road developments completed and nearing completion, in the areas where Moreland operates, are opening up new development nodes for substantial future growth. In addition to the comprehensive project pipeline being developed for accelerating earnings and unlocking value from the Group's land holdings which are under pressure from urban expansion, opportunities are being explored to expand Moreland's business model beyond land development. For example, in the joint venture with IFA at Zimbali, Moreland has secured the option to participate in any of the downstream income earning opportunities in their resort development activities.

Tongaat-Hulett has the size and configuration to successfully capitalise on these growth opportunities.

LOOKING AHEAD

There is a positive outlook for the Group following the achievements of 2004.

Hulett Aluminium is growing its sales volumes and, with its cost base largely in place, will utilise its remaining 25 percent capacity at a higher level of profitability. Healthy demand from the broad customer base sees the business well positioned to optimise the sales mix, with a focus on high value products, and to benefit from higher international US dollar rolling margins. Having adjusted to the strengthening Rand, Hulett Aluminium is well placed to grow earnings.

African Products is now well positioned to compete against imports and has moved to a new maize procurement and customer pricing model. Future profitability will be influenced by the extent to which the local maize price varies between export and import parity. The South African maize carry over and the current crop, following the good summer rainfall, should result in the maize price remaining closer to export parity, favouring African Products. Underlying demand for starch and glucose products, especially in the local market, is expected to grow. This, combined with new business opportunities, should see African Products continue to recover strongly.

The encouraging early summer rainfall together with actions to optimise cane supply should result in increased sugar production at Tongaat-Hulett Sugar, impacting the second half of 2005. A key factor for future profitability remains the impact of changes to subsidies, market protection and preferential market access through liberalisation of world sugar trade. The continuing discussions around reform of the EU's Common Agricultural Policy and the recent move in the world sugar price from 6 to some 9 US c/lb is encouraging and should result in additional export realisations. Tongaat-Hulett Sugar is well placed to increase earnings in 2005 and beyond.

The major property developments in the Durban/Richards Bay corridor, including several catalyst projects, are expected to maintain the KwaZulu-Natal North Coast region's robust growth. A number of environmental impact studies and planning programmes are due to be completed in 2005 to maintain Moreland's current momentum. The present assessment of the value of the prime property, after development, is in excess of R2 billion.

Tongaat-Hulett has increased its earnings momentum in 2004, with ongoing management actions being taken to improve profitability. The benefits of these actions will increasingly be reflected in future financial results. Considerable earnings growth is expected in the year ahead.

CONCLUSION

I would like to thank all the people of Tongaat-Hulett for their endeavours in these challenging times. The considerable progress made throughout the Group in 2004 has boosted our confidence going forward.

The Group is benefiting from the guidance of our Chairman, Cedric Savage. The wise counsel and support of the Board is appreciated.

We remain committed to sustainable development, good corporate governance and the realisation of value for all our stakeholders. The Group's balanced profile and critical mass, together with its earnings momentum sees Tongaat-Hulett well positioned to realise its potential.

Peter Staude
Chief Executive Officer

Amanzimnyama
Tongaat, KwaZulu-Natal

18 February 2005

Tongaat-Hulett's ongoing commitment to sustainable growth is evidenced by the active development and implementation of programmes and processes designed to enhance the Group's performance in the areas of the safety and health of our employees, sustaining the environment, broad based black economic empowerment, developing our people and community support.

The board of Tongaat-Hulett has appointed committees, chaired by the CEO, which are responsible for employment equity and safety, health and environment. Details of these committees are set out in the corporate governance section which should be read in conjunction with this report. In addition, there are action groups functioning Group wide on black economic empowerment procurement and enterprise development, corporate social investment and human resources development.

In recognition of its commitment to sustainability, Tongaat-Hulett was selected by the JSE Securities Exchange as one of the founding constituents of the Socially Responsible Investment index in May 2004. This prestigious index is the first of its kind in an emerging market and 51 of the top listed companies qualified for inclusion.

SAFETY

Tongaat-Hulett is committed to optimum workplace safety and has implemented a number of measures to enhance its performance, including annual safety targets at all centres. All operations have stringent safety rules that all employees are expected to follow.

Substantial progress has been made in safety performance, including an improvement in the consolidated Group Lost Time Injury Frequency Rate (LTIFR) from 1,27 in 2003 to 0,46 for the 2004 year, against a target of 0,70. LTIFR is the number of lost time injuries per 200 000 hours worked and includes all restricted work cases. The greatest progress was experienced in Tongaat-Hulett Sugar where the LTIFR reduced from 1,26 in 2003 to 0,43 in 2004.

The Total Recordable Case Frequency Rate (TRCFR), which is defined as the combination of all fatalities, lost time injuries (including restricted work cases) and medical treatment cases, also reflected substantial progress from 2,36 for 2003 to 1,04 in 2004. This was achieved despite there regrettably having been three fatalities in 2004. One occurred when a vehicle overturned, and one when the flange of a bearing fell onto an artisan who was carrying out a non–routine maintenance task. The third incident occurred in Mozambique where an employee was hit by a cane transport vehicle on an estate road. The circumstances surrounding each of these fatalities have been thoroughly investigated and the findings widely circulated throughout the Group to create awareness and prevent future occurrences.

Active steps are being taken in respect of behaviour based safety, visible felt leadership, risk assessments, safety rules, leading practice and third party audits.

Behaviour Based Safety

The operations are at various stages of implementing proactive safety culture transformation processes commonly referred to as Behaviour Based Safety systems which are aimed at transforming at-risk behaviour to a work culture with a high level of safety responsibility and accountability. African Products has embarked upon the initial stages of a behaviour based safety programme. Actions taken to date include the establishment of a steering committee, completion of a perception survey, site assessments and the appointment of champions, coaches and assessors. This programme is a long term process requiring support, involvement and commitment at all levels.

Visible Felt Leadership

Visible felt leadership refers to the discernable involvement and presence of senior management in safety, health and environment issues. For example, the scene where fatalities, lost time injuries and other safety related incidents have occurred is inspected by senior management as part of in depth investigations which culminate in actions to prevent a recurrence. Management is visibly involved in assessing compliance with Safety, Health and Environment (SHE) rules, standards and procedures on the shop floor through SHE audits, safe behaviour reinforcement, corrective and development coaching, planned job observations, job safety analysis and critical task identification.

Risk Assessments

Hazard identification and risk assessment processes have been implemented across all operations and a risk profile will be completed early in 2005. Each operation is compiling their high impact SHE risks to facilitate the formulation of a group wide risk profile. Action plans will be implemented to address the hazards identified in this process.

Leading Practices

All operations are encouraged to use benchmarking as an effective tool to monitor and measure their standards against leading practice. One of the objectives of the Group SHE Committee is to promote the implementation of leading practices and relevant information and experience is shared at each meeting. This process of shared learning includes inter-operational site visits to enable the various management teams to obtain first hand "shop floor" information on SHE practices and innovative ideas.

Moreland recently achieved the award for the "client with best commitment to Occupational Health and Safety" by the Master Builders and Allied Industries Association for KwaZulu-Natal.

Third Party Audits

External auditing certification programmes related to the National Occupational Safety Association (NOSA) integrated system and the Occupational Health and Safety Assessment Series (OHSAS) 18001 system have been implemented in various operations. These systems comprise risk assessment, compliance with systems, standards and procedures, plant audits and incident reporting.

All the South African, Swaziland and Mozambique operations of Tongaat-Hulett Sugar have NOSA star ratings. Felixton mill retained its 5 star rating and six of the other operations achieved a 4 star rating. Tambankulu Estates in Swaziland has retained their NOSCAR status (NOSA's premier safety award) for the past 2 years.

The African Products Kliprivier, Germiston and Meyerton Mills have obtained OHSAS 18001 certification.

As regards quality management, all of the African Products operations, Tambankulu, Huletts Refineries, Hulett Hydro Extrusions, and the Hulett Aluminium Rolled Products, Foil and Paste operations have retained their ISO 9000/2000 quality management systems certification.

HEALTH

There are clinics or first aid centres at all the Group's operations in South Africa, Swaziland and Mozambique and there is a high quality company hospital in Zimbabwe. These centres are staffed by trained occupational, medical and first aid personnel who provide integrated occupational and primary health care programmes. These programmes include risk assessments, hygiene surveys, disease prevention and control measures and medical surveillance.

HIV/AIDS remains the single biggest health challenge. Current programmes to address this pandemic aim at encouraging employees to participate in voluntary counselling and testing (VCT). Anti-retroviral treatment (ART) is provided to eligible employees not covered by a medical aid scheme offering an HIV/AIDS management programme. Successful VCT campaigns were launched during 2004 and a total of 1 533 employees presented for VCT (1 129 in South Africa, 67 in Swaziland and 337 in Zimbabwe). Renewed strategies are being developed and implemented to encourage a substantial increase in the number of employees requesting VCT. A total of 139 employees are currently receiving ART. The effect of these programmes in mitigating the impact of HIV/AIDS on the business is being closely monitored.

In Mozambique, Zimbabwe and Swaziland, where malaria remains a significant health risk, the relevant operating centres follow comprehensive malaria control programmes including preventative measures as well as early recognition, diagnosis and treatment.

Occupational Health Audits were conducted at all African Products and Tongaat-Hulett Sugar operations in 2004. Plans are in place to implement similar audits across the Group during 2005. Thereafter major risk areas will be identified and appropriate targets and action plans developed.

Active steps are being taken to minimise the occurrence of occupational diseases particularly those linked to noise induced hearing loss, occupational asthma and occupational dermatitis.

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. All operating companies have embarked on programmes to have third party audits in terms of ISO 14001 Environmental Management Systems (EMS). All Tongaat-Hulett Sugar operations in South Africa and Swaziland achieved ISO 14001 EMS certification in 2004. African Products' Germiston and Bellville mills are also ISO 14001 certified. Mozambique and Zimbabwe are currently in the implementation phase.

Major environmental risks have been identified and appropriate action is being taken to either eliminate or minimise these risks. Environmental incidents and complaints are well monitored, reported and acted upon. Steps are being taken to explore setting specific and measurable targets in respect of, inter alia, water and energy use, greenhouse gas emissions, air quality (SO_2 emissions), land use and biodiversity.

The global movement towards "green" and environmentally friendly products and processes provides an opportunity to use sugar cane as a natural renewable resource to supply extracts, chemicals and material from its constituent fibres and juice. A myriad of downstream and beneficiated products could become feasible with investment in new approaches and coordination of research. This has economic, environmental and social advantages for the development of cane as a natural resource. Traditionally a major user of its own "green" energy, Tongaat-Hulett Sugar is in the process of enhancing co-generation initiatives. Recent developments include negotiations with Eskom and other third parties regarding the establishment of an independent trader in renewable energy power.

The establishment and implementation of Environmental Impact Assessments (EIA's) and Environmental Management Plans (EMP's) have been entrenched and all operations strive to conduct themselves in an environmentally responsible manner.

Moreland has begun the implementation of the ISO 14001 EMS as a further commitment towards sustainable development. The EMS in conjunction with the internal "Ground Rules" underpins all planning and development decisions, which are formalised through EIA's and EMP's for the construction and operational phases of projects. Major projects currently in the EIA process include the Sibaya Precinct, Zimbali Lakes and Durban Small Craft Harbour.

Many of African Products' customers, particularly in the food sector, require products made from non-genetically modified (GM) raw materials. To meet this need, African Products has developed a sophisticated identity preservation system ensuring that only non-GM maize is utilised. All maize is tested prior to processing and only non-GM maize is accepted into production. As a result, all of African Products' output is certified GM-free.

Tongaat-Hulett's sugar mills do not process any genetically modified cane. Consequently, the company's sugar products do not contain any genetic material, and are therefore inherently GM-free.

DEVELOPING OUR PEOPLE

Tongaat-Hulett has made significant progress in developing human potential and programmes are in place at all operations as part of the Group wide commitment to attract, develop and retain valuable skills.

Superior performance is key to success in a challenging business environment and in demonstrating the commitment to employee upliftment and skills development, a Performance Management Programme is in place. The development plans form a vital part of the process and are linked to company workplace skills plans.

In addition, a Talent Management Programme has been linked to the Performance Management Programme, to identify talent from a pool of ambitious and driven individuals, who have the potential to take on more complex roles and responsibilities. The Group actively identifies, nurtures and develops those people who display leadership values, action orientation, results delivery, integrity, accountability, learning and innovation. As part of this programme, Tongaat-Hulett is creating an environment that develops, empowers and provides career opportunities for specifically identified individuals, in order to enhance retention and fast track development.

The company sponsors bursaries, scholarships, trainee programmes and learnerships. These programmes assist with sourcing bright young talent and developing technical capacity on an ongoing and systematic basis. As part of this programme, formal links have been forged with tertiary institutions. This initiative not only attracts the best talent, but also assists with the provision of in-service training for students, which is vital for the achievement of qualifications. In excess of 3 000 employees participated in training programmes in all our South African operations during 2004.

VALUE ADDED ANALYSIS

for the year ended 31 December 2004

Rmillion	2004	2003
Revenue	6 298	6 559
Bought-in materials and services	(4 972)	(5 141)
VALUE ADDED BY OPERATIONS	1 326	1 418
Valuation items adjustments on financial instruments and other items	(51)	(398)
Dividends and other income	263	191
Exceptional items	6	7
TOTAL VALUE ADDED	1 544	1 218
Applied as follows:		
TO PAY EMPLOYEES		
Salaries, wages and benefits	873	849
TO PAY PROVIDERS OF CAPITAL	295	497
Interest on borrowings	163	264
Dividends to ordinary shareholders	132	233
TAX	41	(77)
RE-INVESTED/(EXPENDED) IN BUSINESS	335	(51)
Depreciation	231	223
Retained earnings/(deficit)	104	(274)
	1 544	1 218

BROAD BASED BLACK ECONOMIC EMPOWERMENT

Employment equity

The imperative to unlock talent is best articulated by our Employment Equity Programme which is driven by the recognition that a diverse workforce adds greater value in a transforming environment.

A strong employment equity culture has been entrenched and documented targets and programmes are in place to ensure that substantial progress is made, in the spirit of true transformation and empowerment. Targets are set for all previously disadvantaged groups, with a special emphasis on Africans and women. Dealing with the various challenges posed by the Employment Equity and Skills Development legislation has been liberating, in that it has encouraged creativity and innovation in employment practices. To ensure that strategies are implemented, a highly effective structure is in place to monitor and review progress. The CEO chairs the Group Employment Equity Committee, which is a sub-committee of the Group Board, with membership including a non-executive Group Board director, the managing directors of all operating companies and human resource directors. Progress in the area of Employment Equity over the years has been a major highlight and achievement for the Group. The proportion of blacks in management is 46,9 percent, compared to 44,7 percent in the previous year. The table below reflects the extent of current black employee representation at various levels across the Group.

Top management	22%
Senior management	36%
Middle management	52%
Skilled and supervisory positions	78%

Throughout the South African operations, 55 percent of the total number of graduates and diplomates comprise black employees, while women make up 23 percent.

The Group has always maintained a constructive relationship with the unions, and a general climate of industrial peace has prevailed over the years despite the two strikes which occurred during the year, one at Hulett Aluminium and the other at African Products.

BEE Procurement

The Group is committed to broad based black economic empowerment and supporting historically disadvantaged individuals both internal and external to the organisation. 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 black economic empowerment. BEE procurement spend is measured on a quarterly basis across all operating companies and is grouped into three categories – capital equipment, consumables (including raw materials), and services. Some 400 BEE enterprises supply the Group and their BEE status is reviewed on an ongoing basis.

The total BEE procurement spend for the year amounted to R564 million representing 23,6 percent of available spend compared to 15,4 percent in 2003. Available expenditure is defined as total procurement spend, less spend on parastatals, key raw materials and imported goods.

The total procurement expenditure on BEE at African Products has increased to R43 million from R38 million in 2003. A highlight of the current year was the procurement of maize from emerging black farmers. This has potential for growth as more black farmers participate in agriculture.

Hulett Aluminium's BEE procurement spend was R160 million. In addition, it has played a key role in the establishment of a Business Support Centre in Pietermaritzburg, which has trained 939 entrepreneurs who have subsequently created 1 049 permanent jobs.

Tongaat-Hulett Sugar has been subdividing its sugar land on the KwaZulu-Natal North Coast into medium scale farms since 1995 as part of a programme to transfer viable and sustainable farms to previously disadvantaged emergent farmers. The last phase of the medium scale farm programme was completed when 16 farmers took occupation of their farms in April 2004. Today a total of 98 medium scale farmers are in occupation of their farms with 81 farmers having taken title. The gross land area sold to BEE entities to date is 11 774 hectares realising R111,7 million. Throughout the programme, Tongaat-Hulett Sugar has provided mentoring and support services to the emergent farmers. In 2004 this support extended to the provision of R2 million in funding to assist farmers with ratoon management given the effects of the drought conditions experienced in the 2003 and 2004 seasons. BEE spend in 2004 was R281 million.

Moreland has facilitated BEE joint ventures on major projects including the Sibaya Interchange on the N2 and access road near Umdloti and the realignment of the M4 at Zimbali, where Grinaker LTA and Group Five KZN formed partnerships with empowerment entities in order to comply with Moreland's tender requirements. R19,5 million and R36,6 million were paid during the year to the empowerment joint ventures respectively. These contracts increased Moreland's BEE spend for 2004 to R76 million, which is more than 60 percent of the available expenditure.

Moreland has a 4,5 percent equity holding in Afrisun KZN, a leading local empowerment company in the province of which approximately 50 percent is owned by a range of empowerment entities and community trusts.

Afrisun KZN completed construction of the R730 million Sibaya Casino and Entertainment Kingdom at Umdloti, with approximately R350 million of its expenditure paid to BEE companies.

Enterprise development

Tongaat-Hulett has a track record of building major businesses. Enterprise development has occurred, for example, through the sale of non-core businesses to new black shareholders, Moreland's facilitation of the empowerment component of Afrisun KZN for the development of the Sibaya Casino and through the establishment of small and medium scale black farmers, linked to the various sugar mills. Moreland has also worked together with the eThekwini/Durban Municipality in public private partnerships such as Ushaka Marine World, the Durban Point development and the expansion of the RiverHorse Valley Business Estate, which has opened up downstream empowerment activities. Over the last ten years, non-core businesses that were suitable for BEE were identified and disposed of and major transactions include the sale of the following:

- Supervision Food Services to Kagiso Trust Investments, Khulani Holdings, senior management and Firstcorp;
- Corobrik Klerksdorp Brick Factory to the Brick and General Workers' Union; and
- Hulett Aluminium Extrusion's conductor and wire business to Malesela Technologies.

Various strategies will be executed to support the promotion of black businesses. Some of these necessitate the establishment of training facilities to provide practical skills and knowledge to suitable and potential entrepreneurs and targeting specific BEE opportunities for black businesses.

Supporting our communities

Tongaat-Hulett's commitment to improving the quality of life of people in the Southern African communities within which the Group operates, is clearly documented in its Corporate Social Investment Policy. The social investment initiatives focus on education, health, community skills upliftment, welfare, environment and crime prevention.

Community development projects benefited from contributions of R950 000, of which R300 000 was donated to NOAH (Nurturing Orphans of Aids for Humanity) to support their Shakashead multi-resource centre at Umhlali. This resource centre provides sports facilities, educational and emotional support and computer literacy training for children orphaned by HIV/AIDS. A further R300 000 has been pledged towards the Khanya Africa Resource Centre in Pietermaritzburg which is already caring for more than 100 children.

Funds to the value of R510 000 were directed at education in the form of bursaries, school upgrades and various other projects focusing primarily on rural areas.

In support of democratic government the Group donated R500 000 across the six largest parties during the 2004 parliamentary election, pro-rata to their level of support in the 1999 elections.

Tongaat-Hulett has donated a total of R5 million over a five year period to the Business Trust, one of the key community projects supported by the Group. Managed by the National Business Initiative, the Business Trust is engaged with development, education, training, job creation and tourism marketing.

Tongaat-Hulett's principal aim is to create value for all stakeholders, in a manner that enhances the quality of life of our people and contributes meaningfully to the social and physical environment in which it operates.

The Tongaat-Hulett Group is committed to the attainment and maintenance of high standards of corporate governance incorporating the principles of openness, integrity, accountability, transparency and social responsibility. This is demonstrated by the Group's continued compliance, in all material respects, with the Code of Corporate Practices and Conduct embodied in the 2002 King Report.

The terms of reference and roles and responsibilities of the directors, the board and the board committees, as well as the Group's code of ethics for directors and employees, are detailed in a Corporate Governance Manual. This, together with established Group policies on matters such as safety, health and environment, social investment, black economic empowerment and employment equity, creates the framework for good corporate governance within the Group.

BOARD OF DIRECTORS

The Board Charter, which is included in the Corporate Governance Manual, records the board's mission to provide responsible entrepreneurial business leadership with due regard to the interests of shareholders and other stakeholders, including present and future customers, suppliers, employees, as well as the community and the environment within which the Group operates. The Board Charter also details the responsibilities of individual directors toward the company.

Other issues addressed in the Board Charter include the approval of strategy and policies, selection, orientation and evaluation of directors. Board committees have been established with due regard to the responsibility of the board to monitor operational performance and risk management. In this regard there is also a schedule of matters specifically reserved for the board's decision.

The thirteen non-executive and eight executive directors who make up the unitary board are drawn from both genders and all race groups and represent a wide range of skills and financial and commercial experience. The number and calibre of the non-executive directors brings independent judgement to board deliberations and decisions. A formal evaluation of the board has been carried out and the findings are being acted upon.

The roles of Mr C M L Savage as the non-executive Chairman and Mr P H Staude as the Chief Executive Officer are separate with a clear division of responsibilities. 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 full board of directors is responsible to its shareholders for the performance and the affairs of the company, retaining full and effective control over the company and giving strategic direction to the company's management. The levels of authority delegated to management are approved by the board and are clearly recorded in the Authorities Framework contained in the Corporate Governance Manual.

The board meets at least five times a year, with comprehensive papers on all agenda items. 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.

Attendance of current directors at board and committee meetings during the year ended 31 December 2004

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

A: Indicates the number of meetings held during the year the director was a member of the board and/or committee.
B: Indicates the number of meetings attended during the year the director was a member of the board and/or committee.

BOARD COMMITTEE STRUCTURES AND RESPONSIBILITY

The following committees of the board have been formed to address specific aspects of the Group's activities, and to report to the board on a regular basis, making such recommendations as they deem appropriate. This enables the board to monitor, inter alia, key risk areas and non-financial aspects relevant to the Group's various businesses. Details of the delegated authority and the formal terms of reference of each of these committees are set out in the Corporate Governance Manual.

EXECUTIVE COMMITTEE

The Executive Committee is chaired by the Chief Executive Officer and meets in the months where no Group board meetings are scheduled. Its current 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 the Group Secretary in attendance.

The overall objective of the committee is to assist the Group board in discharging its responsibilities, while acting within the parameters of the agreed authority limits. Matters outside the agreed authority limits are 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 comprises non-executive directors, the majority of whom are independent and its current members are E le R Bradley (Chairman), I Botha, M W King and M Mia. The Group Chief Executive Officer, P H Staude; the Group Financial Director, M H Munro; the internal audit manager, M M Jean-Louis and representatives of internal and external auditors attend by invitation. The Group Secretary is the secretary for this committee. There are normally at least three meetings per year.

The Audit and Compliance Committee's terms of reference, which has been approved by the board, include financial reporting and operational matters such as the monitoring of controls, loss prevention, litigation, reputational issues and JSE listing compliance matters. In addition, the committee is responsible for ensuring that the Group has an effective risk management process.

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. Both the internal and external auditors have direct access to members of the committee at all times and also have the opportunity at each of the meetings, of addressing the committee without management being present.

Both the committee and the board have approved the Internal Audit Charter, which 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.

While the Group has outsourced the internal audit function to professional firms of public accountants and auditors, co-ordinated by the Group's internal audit manager, the Group's independent external auditors do not assist in the performance of any internal audit assignments.

Details of all non-audit services provided by the independent 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

Risk management, which is considered a key performance area for line management throughout the Group, embraces identification, assessment, management, monitoring and reporting of all material forms of risks faced by the Group. While the board is ultimately responsible for risk management in the Group, there is clear accountability for risk management, by operational managers across the Group.

Risk Committees have therefore been established at each of the Group's operating companies as an integral part of the risk management review process and they 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, with the Group Secretary in attendance.

The Group Risk Committee's terms of reference cover the total process of risk management, encompassing all significant strategic and business risks, including reputational, compliance, financial and operational risks which could undermine the achievement of the Group's business objectives.

The overall risk management system is flexible so as to allow the risk management processes at the different operations to be adapted to meet specific operational circumstances. Managers are supported in giving effect to their risk responsibilities through sound policies and guidelines on risk and control management. Ongoing monitoring of risk and control processes across both significant Group wide risk areas as well as those risk areas specific to an operation, allow for regular and exception reporting to operational management and boards, the Group Risk Committee and the main board.

Where a particular operation is exposed to a potential risk which could constitute a disaster, recovery plans have been formulated and the necessary resources have been identified to ensure their implementation.

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. Quarterly reports are presented to the board.

The Group's internal audit function provides independent assurance to the Risk Committee and the board on the effectiveness of the appropriate internal control processes throughout the Group. 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.

REMUNERATION COMMITTEE

The Remuneration Committee, which meets at least twice a year, is chaired by an independent non-executive director and comprises only non-executive directors. The current members are L Boyd (Chairman), E le R Bradley, P M Baum and C M L Savage. P H Staude attends by invitation and M Serfontein is the secretary.

The Group's remuneration philosophy is formulated to attract, motivate and retain directors and executives needed to run the Group successfully and the Remuneration Committee is responsible for considering and making recommendations to the board on the policy and on the remuneration packages of executive directors and senior executives. In addition, it reviews general salary increases for management 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.

NOMINATION COMMITTEE

The Nomination Committee, which comprises only non-executive directors, meets as required. Its members are L Boyd (Chairman), E le R Bradley, P M Baum and 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 nomination and appointment 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 Bhayat, 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 broad composition of this committee ensures that it benefits from Group wide experience and expertise in achieving its objectives. Its main objective is to set targets and review progress throughout the Group on all employment equity related matters, and, where necessary, to make recommendations to the board on the implementation of the Group's employment equity policies. These policies are based on equal opportunity for all within a diverse workforce with a substantial number of members of designated groups at all levels. They seek to identify, develop and reward each employee who demonstrates the qualities of individual initiative, enterprise and hard work. The implementation of these policies is facilitated by appropriate performance and talent management processes, recruitment targets, development and training programmes, coaching and mentoring, 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 at least three times a year. Its members are P H Staude (Chairman), 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, A M Thompson and D F Timmerman.

The Group SHE committee reviews the major SHE risks identified by the SHE committees at each of the Group's operating companies and the progress against SHE targets, thus providing a facility for the development of an overall perspective on SHE matters and for the sharing of information and experiences across the Group. It is also 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 maintain records and 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 to the board 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, which has been distributed to all employees.

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. Appropriate action has been taken in respect of all instances of non-compliance with the Code by employees, reported during 2004.

EXECUTIVE DIRECTORS' REMUNERATION

Basic Salary

The cash package 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.

Annual Executive Bonus Scheme

The annual executive bonus scheme is based on a combination of the achievement of targets, which are set each year on an individual basis for each executive director, and a general assessment of the individual's overall performance. These targets include measures of Group and, where applicable, operating company financial performance as well as the achievement of individual targets. Overall safety performance is also an important factor in bonus determination. An individual's bonus payable in any year will not exceed 50 percent of their annualised cash package.

Fees

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

Share Incentive Scheme

Executive directors and management participated in the Group's share incentive scheme in 2004. This scheme was 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 were awarded on the basis of performance, contribution to the business and seniority, within the limits imposed by the Group's shareholders. Options were 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. The share incentive scheme which will apply in 2005 is currently under review and is being developed to align with shareholder interests.

Other Benefits

Membership of the Tongaat-Hulett Pension Fund is compulsory for all senior management, and pension and life insurance benefits are provided. Other benefits include the provision of medical aid, gratuity at retirement and death and disability insurance.

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.

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. 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.

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 effectively.

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 and Director of Companies
BSc (Mech Eng), MBA, ISMP (Harvard)

Cedric (66) 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 CEO and Chairman until his retirement from executive duties in 2002.

R H J Stevens

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

Russell (64) is the founder and Chairman of the Three Cities Group, CEO 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 Group. He was appointed to the Tongaat-Hulett Group Board in 1977.

INDEPENDENT NON-EXECUTIVE DIRECTORS

L Boyd

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

Leslie (67) retired from executive duties as Executive Vice-Chairman, Anglo American plc, Deputy Chairman, Anglo American Corporation of South Africa Limited, Chairman, Anglo American Industrial Corporation Limited, Anglo American Platinum Corporation Limited, AECI, Allied Technologies Limited, Columbus Joint Venture, Highveld Steel and Vanadium Corporation Limited in 2001. He was appointed to the Tongaat-Hulett Group Board in 1989.

E le R Bradley

Chairman, Wesco Investments and Chairman, Toyota South Africa and Metair Investments and Director of Companies
B Sc (UOFS), M Sc (London)

Elisabeth (66) 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 W King

Director of Companies
CA (SA), FCA

Michael (67) retired from executive duties as Executive Vice-Chairman, Anglo American plc, in 2001. He was previously the Deputy Managing Director of the merchant bank, Union Acceptances, 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.

M Mia

Deputy Chairman, Fasic Investment Corporation and Director of Companies

Mac (57) 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 consultancy business. He was appointed to the Tongaat-Hulett Group Board in 1996.

T H Nyasulu

Executive Chairman, Ayavuna Women's Investments (Pty) Ltd and Director of Companies
BA (Psychology) (Hons)

Hixonia (50) has been a Director of various JSE-listed companies since the early 90s and was appointed to the Tongaat-Hulett Group Board in 2000.

NON-EXECUTIVE DIRECTORS

D D Barber

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

David (52) 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, Anglo Ferrous Metals and Industries division
B.Com L.L.B, Higher Diploma in Tax Law

Philip (50) 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 division
CA (SA)

Ian (33) 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.

B E Davison

Non-Executive Chairman, Anglo American Platinum Corporation Limited
Executive Director, Anglo American plc
Chairman, Anglo Ferrous Metals and Industries division
BA (Law & Economics), Dip. Advanced Financial Management, A.E.P.

Barry (59) was employed by Johannesburg Consolidated Investments Company Limited (JCI) in 1968 as an investment analyst. He worked in various financial and general management positions within the JCI group before being appointed managing director of Anglo American Platinum in May 1995, Executive Chairman in May 2001 and Non-Executive Chairman in July 2004. He was appointed to the Tongaat-Hulett Group Board in May 2004.

J B Magwaza

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

JB (62) joined the Tongaat-Hulett Group in 1975, becoming Personnel Director for Hulett Refineries in 1988. He was appointed Personnel Director for 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

Head of New Business Development, Anglo Ferrous Metals and Industries division
BSc (Civil Eng), MBA

Andrew (47) spent 18 years in Anglo American's paper and packaging businesses, culminating in his tenure as CEO of Mondi South Africa from 1999 to 2004, before taking on his current role. 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 (51) 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.

B G Dunlop

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

Bruce (51) 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 (55) joined the Tongaat-Hulett Group in 1979, becoming Financial Manager for 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
B.Com, CA (SA)

Gordon (58) 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 (47) joined the Tongaat-Hulett Group in 1982, becoming Business Development Director for 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
B.Com, 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 (45) 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 (52) joined the Tongaat-Hulett Group in 1983, becoming Personnel Director for 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

Group Finance Director, Scaw Metals
CA (SA)

Guy (35) joined Anglo American in 1997 and became Vice-President Administration in 2002. In 2004 he was appointed as Finance Director of Scaw Metals, a subsidiary of Anglo American. He was appointed to the Tongaat-Hulett Group Board in 2001.

DEFINITIONS

OPERATING PROFIT
Operating profit includes underlying operating profit, Triangle dividend, restructure costs, valuation adjustments and exceptional items. It replaces the line in the Income Statement previously referred to as earnings before interest and tax. This presentation is as required by AC101: Presentation of Financial Statements.

HEADLINE EARNINGS
Headline earnings are calculated in note 21, 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
Operating profit expressed as a percentage of revenue.

PRE-TAX RETURN ON CAPITAL EMPLOYED
Operating profit 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.

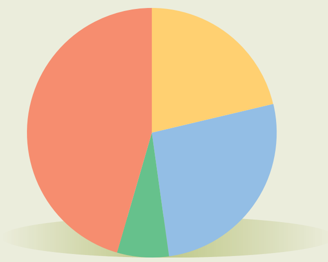
NET DEBT TO EQUITY
Long and short-term borrowings less cash and cash equivalents divided by total equity.

CURRENT RATIO
Current assets divided by current liabilities.

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

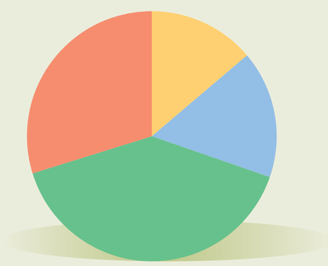
TOTAL CAPITAL EMPLOYED
Equity, minority interests, deferred tax, long and short-term borrowings, provisions and derivative liabilities.

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



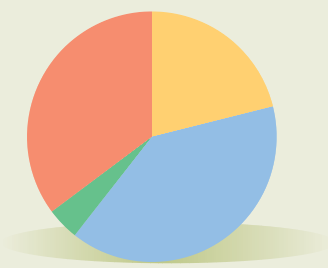
Revenue

African Products	21,3%
Hulett Aluminium (50%)	26,5%
Moreland	6,7%
Tongaat-Hulett Sugar	45,5%



Operating Profit

African Products	13,8%
Hulett Aluminium (50%)	16,5%
Moreland	39,9%
Tongaat-Hulett Sugar	29,8%



Capital Employed

African Products	21,1%
Hulett Aluminium (50%)	39,5%
Moreland	4,2%
Tongaat-Hulett Sugar	35,2%

SEGMENTAL ANALYSIS

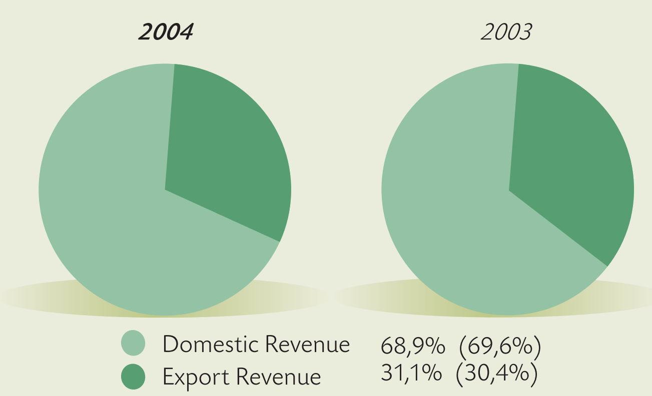
BUSINESS SEGMENT ANALYSIS

Rmillion	Revenue	Underlying Operating Profit	Operating Profit	Total Assets	Total Liabilities	Capital Employed	Capital Expenditure	Depreciation
2004								
African Products	1 344	42	63	1 666	381	1 287	40	82
Hulett Aluminium (50%)	1 671	74	75	2 665	621	2 410	38	57
Moreland	420	185	182	453	228	256		
Tongaat-Hulett Sugar	2 863	120	136	2 466	391	2 149	112	91
Corporate		(34)	(51)	912	1 259	883	1	1
Exchange rate translation loss			(47)					
Exceptional items			6					
Group total	6 298	387	364	8 162	2 880	6 985	191	231
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	233	2 407	582	1 989	212	101
Corporate		(39)	(69)	904	994	874	3	1
Exchange rate translation loss			(80)					
Exceptional items			7					
Group total	6 559	452	80	8 313	3 248	6 747	351	223

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	**2004**	2003
South Africa	**4 340**	4 565
Rest of Africa	**739**	702
North America	**389**	452
Australasia	**286**	307
Asia and other	**254**	274
Europe	**242**	194
South America	**48**	65
	6 298	6 559



(Brackets denote comparative figures)

FIVE YEAR REVIEW

FINANCIAL STATISTICS (Including discontinued operations)	2004	2003	2002	2001	2000
TRADING RESULTS (Rmillion)					
Revenue	**6 298**	6 559	6 103	5 465	5 365
Operating profit	**364**	80	680	918	522
Net financing costs	**(93)**	(152)	(134)	(82)	(6)
Earnings before tax	**271**	(72)	546	836	516
Tax	**(41)**	77	(122)	(199)	(145)
Share of associate company's loss	**6**	(45)	(36)	(20)	(15)
Minority shareholders	**(10)**	(1)		1	12
Total net earnings	**226**	(41)	388	618	368
Headline earnings/(loss)	**214**	(93)	380	608	498
SOURCE OF CAPITAL (Rmillion)					
Equity	**4 357**	4 193	4 551	4 382	4 038
Minority interests in subsidiaries	**71**	6	5	5	6
Deferred tax	**854**	866	1 006	912	762
Borrowings – long & short-term	**1 380**	1 369	931	1 502	1 422
Provisions	**271**	260	245	225	185
Derivative instruments	**52**	53	186	122	
Total capital employed	**6 985**	6 747	6 924	7 148	6 413
EMPLOYMENT OF CAPITAL (Rmillion)					
Property, plant, equipment and investments	**4 173**	4 204	4 173	4 247	4 185
Growing crops	**185**	179	168	165	
Long-term receivable	**210**	210	210	210	210
Derivative instruments	**36**	11	51	308	
Inventories and receivables	**2 755**	2 901	2 869	2 185	2 220
Cash and cash equivalents	**803**	808	938	1 125	699
Total assets	**8 162**	8 313	8 409	8 240	7 314
Current liabilities (excluding short-term borrowings)	**1 177**	1 566	1 485	1 092	901
	6 985	6 747	6 924	7 148	6 413

RATIOS AND STATISTICS

		2004	2003	2002	2001	2000
EARNINGS						
Headline earnings per share - (cents)		**210,4**	(91,7)	375,2	602,4	494,0
Dividends per share - (cents)		**170,0**	120,0	270,0	270,0	212,0
Dividend cover - (times)		**1,2**	–	1,4	2,2	2,3
PROFITABILITY						
Operating margin		**5,8%**	1,2%	11,1%	16,8%	9,7%
Pre-tax return on capital employed		**6,6%**	2,2%	10,7%	15,1%	11,4%
Return on equity		**5,0%**	(2,1%)	8,5%	14,4%	12,8%
FINANCE						
Debt to equity		**31,7%**	32,6%	20,5%	34,3%	35,2%
Net debt to equity		**13,2%**	13,4%	–	8,6%	17,9%
Current ratio		**1,55**	1,45	2,11	2,32	2,29
Liquidity ratio		**0,83**	0,76	1,07	1,39	1,63
SHARES						
Shares in issue - (millions)	– issued	**102**	101	101	101	101
	– weighted	**102**	101	101	101	101
Market capitalisation	– Rmillion	**5 525**	3 399	4 764	5 461	3 848
Value of shares traded	– Rmillion	**1 325**	1 821	1 548	1 122	1 282
Share price - (cents)	– balance sheet date	**5 404**	3 350	4 700	5 400	3 815
	– high	**5 500**	4 698	6 620	5 790	5 190
	– low	**3 280**	2 900	4 599	3 770	2 840
Annual volume of shares traded	– (millions)	**30**	53	30	26	37

Annual Financial Statements

for the year ended 31 December 2004

CONTENTS

Currency Conversion Guide

	Closing rate at 31 December		
	2004	2003	2002
US dollar	5,65	6,67	8,58
UK pound	10,84	11,94	13,81
Euro	7,67	8,41	9,01

	Average rate for year		
	2004	2003	2002
US dollar	6,44	7,55	10,48
UK pound	11,80	12,34	15,77
Euro	8,01	8,55	9,92

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 41 to 73 for the year ended 31 December 2004. 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 2004 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 in South Africa.

Deloitte & Touche

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

Durban, KwaZulu-Natal

18 February 2005

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 2004 and that all such returns are true, correct and up to date.

S Davidson
Company Secretary

Amanzimnyama
Tongaat, KwaZulu-Natal

18 February 2005

DIRECTORS' APPROVAL OF ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2004

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 that 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 2004 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 external auditors concur with the above statements by the directors.

The company's independent external auditors, Deloitte & Touche, have audited the annual financial statements and their unqualified report appears on page 40.

The annual financial statements were approved by the board of directors on 18 February 2005 and are signed on its behalf by:

C M L Savage
Chairman

P H Staude
Chief Executive Officer

Amanzimnyama
Tongaat, KwaZulu-Natal

18 February 2005

The directors have pleasure in submitting the annual financial statements of the company and of the Group for the year ended 31 December 2004.

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 earnings of the Group for the year ended 31 December 2004 amounted to R226 million (2003 – loss of R41 million). This translates into a headline earnings per share of 210,4 cents (2003 – headline loss per share of 91,7 cents) based on the increased weighted average number of shares in issue during the year.

DIVIDENDS

An interim dividend No. 154 of 50 cents per share was paid on 2 September 2004 and a final dividend No. 155 of 120 cents per share has been declared and is payable on 24 March 2005 to shareholders registered at the close of business on 18 March 2005.

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

Last date to trade ordinary shares "CUM" dividend	Friday	11 March 2005
Ordinary shares trade "EX" dividend	Monday	14 March 2005
Record date	Friday	18 March 2005
Payment date	Thursday	24 March 2005

Share certificates may not be dematerialised or re-materialised, nor may transfers between registers take place between Monday 14 March 2005 and Friday 18 March 2005, both days inclusive.

The dividend is declared in the currency of the Republic of South Africa. Dividends paid by the United Kingdom transfer secretaries will be paid in British currency at the rate of exchange ruling at the close of business on Friday 11 March 2005.

SHARE CAPITAL

There was no change in the authorised share capital of the company. During the year 780 524 shares were allotted (including 125 000 shares to directors) in respect of options exercised in terms of the Group's employee share incentive scheme for a total consideration of R30 million. Details of the unissued ordinary shares, share options granted and exercised and the Group's share incentive schemes are set out in notes 10 and 25.

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 with the proviso that the number of ordinary shares acquired in any one financial year may not exceed 5 percent of the ordinary shares in issue at the date on which this resolution is passed.

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 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:

- 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 18 February 2005;

- 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 18 February 2005. 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;

- 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 18 February 2005;

- the working capital of the company and the Group for a period of 12 months from 18 February 2005 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 2004 is as follows:

	2004	2003
In the aggregate amount of:		
Net earnings – (Rmillion)	310	212
Net losses – (Rmillion)	45	132

DIRECTORATE

The names of the directors and alternate directors of the company in office at the date of this report are reflected on pages 34 and 35.

Mr I Botha was appointed as a director on 23 February 2004 and Mr BE Davison was appointed as a director on 3 May 2004. Mr DG Aitken resigned as a director on 29 February 2004.

Directors retiring at the annual general meeting in accordance with the articles of association are: Messrs L Boyd, BE Davison, GR Hibbert, MW King, JB Magwaza and M Serfontein. These directors are all eligible and offer themselves for re-election. Details of each of these retiring directors are set out on pages 34 and 35.

DIRECTORS' SHAREHOLDINGS

At 31 December 2004, the present directors and alternate directors of the company beneficially held a total of 1 029 685 ordinary shares equivalent to one percent in the company (2003 – 1 022 285 shares equivalent to one percent) and held unexercised options to acquire a total of 1 469 300 ordinary shares in the company (2003 – 1 433 700). They also held, in a non-beneficial capacity, a total of 508 310 ordinary shares equivalent to 0,5 percent in the company (2003 – 508 310 shares equivalent to 0,5 percent). Details of the directors' shareholdings are provided in note 26. There has been no material change in these holdings between 31 December 2004 and 18 February 2005.

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 2004

Company 2003	Company 2004	Rmillion	Note	Group 2004	Group 2003
		ASSETS			
		Non-current assets			
1 908	**1 860**	Property, plant and equipment	1	**4 115**	4 162
94	**76**	Growing crops	2	**185**	179
210	**210**	Long-term receivable	3	**210**	210
		Goodwill	4	**35**	37
2	**2**	Investments	5	**23**	5
11	**14**	Derivative instruments	6	**36**	11
919	**1 051**	Subsidiaries and joint ventures	7		
3 144	**3 213**			**4 604**	4 604
1 825	**1 662**	**Current assets**		**3 558**	3 709
1 251	**1 047**	Inventories	8	**1 649**	1 769
527	**562**	Trade and other receivables		**1 106**	1 132
47	**53**	Cash and cash equivalents	9	**803**	808
4 969	**4 875**	**TOTAL ASSETS**		**8 162**	8 313
		EQUITY AND LIABILITIES			
		Capital and reserves			
101	**102**	Share capital	10	**102**	101
730	**759**	Share premium		**759**	730
14	**35**	Non-distributable reserves		**69**	29
1 725	**1 780**	Retained income		**3 427**	3 333
2 570	**2 676**	**Equity**		**4 357**	4 193
		Minority interest in subsidiaries		**71**	6
296	**276**	**Deferred tax**	11	**854**	866
		Long-term borrowings	12	**255**	371
221	**228**	**Provisions**	13	**271**	260
1	**11**	**Derivative instruments**	6	**52**	53
1 881	**1 684**	**Current liabilities**		**2 302**	2 564
1 036	**682**	Trade and other payables	14	**1 171**	1 551
845	**1 002**	Short-term borrowings	12	**1 125**	998
		Tax		**6**	15
4 969	**4 875**	**TOTAL EQUITY AND LIABILITIES**		**8 162**	8 313

INCOME STATEMENTS

for the year ended 31 December 2004

The Tongaat-Hulett Group Limited

Company 2003	Company 2004	Rmillion	Note	Group 2004	Group 2003
4 406	**3 970**	**REVENUE**		**6 298**	6 559
219	**129**	Underlying operating profit	15	**387**	452
54	**88**	Dividends received from subsidiaries	16	**51**	19
	(29)	Restructure costs		**(29)**	
(230)	**20**	Valuation adjustments on financial instruments and other items	17	**(51)**	(398)
1	**62**	Exceptional items	18	**6**	7
44	**270**	**OPERATING PROFIT**		**364**	80
(150)	**(100)**	Net financing costs	19	**(93)**	(152)
(106)	**170**	**EARNINGS/(LOSS) BEFORE TAX**		**271**	(72)
		Tax	20		
62	**14**	Earnings/(loss) before exceptional items		**(44)**	75
2	**3**	Exceptional items		**3**	2
(42)	**187**	**EARNINGS/(LOSS) AFTER TAX**		**230**	5
		Share of associate company's earnings/(loss)	5	**6**	(45)
		Minority shareholders' share of earnings		**(10)**	(1)
(42)	**187**	**TOTAL NET EARNINGS/(LOSS)**		**226**	(41)
		HEADLINE EARNINGS/(LOSS)	21	**214**	(93)
		EARNINGS/(LOSS) PER SHARE (cents)	22		
		Total net earnings/(loss)			
		Basic		**222,2**	(40,4)
		Diluted		**219,9**	(40,3)
		Headline earnings/(loss)			
		Basic		**210,4**	(91,7)
		Diluted		**208,2**	(91,3)
		DIVIDENDS PER SHARE (cents)		**170,0**	120,0

Company 2003	Company 2004	Rmillion	Group 2004	Group 2003
		Cash generated from operations		
44	**270**	Operating profit	**364**	80
(150)	**(100)**	Net financing costs	**(93)**	(152)
		Non-cash items:		
153	**159**	Depreciation	**231**	223
		Adjustment for exchange rate translation loss	**47**	80
9	**7**	Provisions	**11**	15
(1)	**(2)**	Surplus on disposal of plant and equipment	**(4)**	(2)
(70)	**(29)**	Other	**(43)**	(99)
(29)	**(12)**	Tax payments	**(71)**	(42)
(44)	**293**	Cash generated from operations	**442**	103
		Cash required by operations		
(6)	**204**	Inventories	**123**	105
(44)	**2**	Trade and other receivables	**63**	(202)
36	**(355)**	Trade and other payables	**(389)**	94
(14)	**(149)**	Increase in working capital	**(203)**	(3)
(58)	**144**	**Cash flows from operating activities**	**239**	100
		Cash flows from investing activities		
		Expenditure on property, plant and equipment:		
(91)	**(40)**	New	**(81)**	(206)
(63)	**(57)**	Replacement	**(78)**	(106)
(39)	**(32)**	Major plant overhaul costs capitalised	**(32)**	(39)
22	**20**	Growing crops	**20**	21
33	**48**	Proceeds on disposal of property, plant and equipment	**44**	43
(89)	**(29)**	Investments – shares in subsidiary		
		Investments – unlisted	**(19)**	(19)
(227)	**(90)**	Net cash used in investing activities	**(146)**	(306)
(285)	**54**	**Net cash flow before dividends and financing activities**	**93**	(206)
		Dividends paid		
(193)	**(81)**	Previous year final	**(81)**	(193)
(40)	**(51)**	Current year interim	**(51)**	(40)
(233)	**(132)**	Dividends paid	**(132)**	(233)
(518)	**(78)**	**Net cash flow before financing activities**	**(39)**	(439)
		Cash flows from financing activities		
591	**157**	Borrowings raised	**32**	553
		Shares of a subsidiary issued to the minority	**54**	
		Hedges of foreign loans	**(35)**	(161)
2	**30**	Shares issued	**30**	2
(191)	**(103)**	Inter-group loans		
402	**84**	Net cash from financing activities	**81**	394
(116)	**6**	**Net increase/(decrease) in cash and cash equivalents**	**42**	(45)
163	**47**	Balance at beginning of year	**808**	938
		Exchange rate translation loss	**(47)**	(80)
		Foreign exchange adjustment		(9)
		Gain on cash equivalent investment		4
47	**53**	**Cash and cash equivalents at end of year**	**803**	808

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2004

Rmillion	Share Capital	Share Premium	Capital Redemption Reserve Funds	Hedging and Translation Reserves	Retained Surplus	Total
GROUP						
Balance at 1 January 2003	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 paid					(233)	(233)
Balance at 31 December 2003	101	730	33	(4)	3 333	4 193
Share capital issued	1	29				30
Currency exchange rate changes				8		8
Hedge reserve released to income statement				27		27
Gain from cash flow hedges				9		9
Share of associate's reserves				(4)		(4)
Total net earnings for the year					226	226
Dividends paid					(132)	(132)
Balance at 31 December 2004	102	759	33	36	3 427	4 357
COMPANY						
Balance at 1 January 2003	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 paid					(233)	(233)
Balance at 31 December 2003	101	730	29	(15)	1 725	2 570
Share capital issued	1	29				30
Hedge reserve released to income statement				15		15
Gain from cash flow hedges				6		6
Total net earnings for the year					187	187
Dividends paid					(132)	(132)
Balance at 31 December 2004	102	759	29	6	1 780	2 676

The annual financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice and are consistent with those applied in the previous year.

BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the company and of its subsidiaries, except those foreign subsidiaries and associates 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 and associates 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.

DISCONTINUED OPERATIONS

Discontinued 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 discontinued 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 and 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 appropriate 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.

MAIZE PURCHASE CONSTRUCTIVE OBLIGATIONS

Certain maize purchase commitments are recognised as 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.

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 respect of the sale of township properties, sales are recognised when the relevant agreements are unconditional and binding on the purchaser, the purchaser has paid a meaningful deposit or has made arrangements to secure payment of the purchase price, zoning and final conditions of establishment have been obtained and servicing arrangements and costs are substantially finalised. 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 transaction date, 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, available for sale 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.
- Available for sale and 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 legal right of set-off against the debt on the repayment date, and it is intended 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 currently recognised on the balance sheet of the Group due to the prevailing 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	4 162	634	3 013	195	82	238
Additions	191	3	99	12		77
Disposals	(20)	(16)	(2)	(1)	(1)	
Depreciation	(231)	(11)	(190)	(28)	(2)	
Transfers		7	32	2		(41)
Currency alignment	13	5	3	1	4	
Carrying value at end of year	4 115	622	2 955	181	83	274
Comprising:						
2004						
At cost	5 589	749	4 015	430	121	274
Accumulated depreciation	1 474	127	1 060	249	38	
	4 115	622	2 955	181	83	274
2003						
At cost	5 485	748	3 956	423	120	238
Accumulated depreciation	1 323	114	943	228	38	
	4 162	634	3 013	195	82	238

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	1 908	278	1 335	116	6	173
Additions	129	2	80	3		44
Disposals	(18)	(16)	(1)	(1)		
Depreciation	(159)	(4)	(137)	(18)		
Transfers		5	3	1		(9)
Carrying value at end of year	1 860	265	1 280	101	6	208
Comprising:						
2004						
At cost	2 911	329	2 069	276	29	208
Accumulated depreciation	1 051	64	789	175	23	
	1 860	265	1 280	101	6	208
2003						
At cost	2 881	338	2 059	282	29	173
Accumulated depreciation	973	60	724	166	23	
	1 908	278	1 335	116	6	173

Plant and machinery with a book value of R44 million (2003 – R46 million) are encumbered as security for the secured finance lease obligations and as security for certain short-term borrowings of R8 million (2003 – R14 million).

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

2. GROWING CROPS (Rmillion)

	Group 2004	Group 2003	Company 2004	Company 2003
Reconciliation of carrying value:				
Carrying value at beginning of year	**179**	168	**94**	100
Increase due to purchases/increased area under cane		6		
Gain arising from physical growth and price changes	**23**	40	**2**	16
Net decrease due to reduced area under cane	**(20)**	(27)	**(20)**	(22)
Currency alignment	**3**	(8)		
Carrying value at end of year	**185**	179	**76**	94

2. GROWING CROPS continued

	Group 2004	Group 2003	Company 2004	Company 2003
Area under cane (hectares)				
South Africa	**10 869**	13 436	**10 869**	13 436
Mozambique	**7 200**	7 480		
Swaziland	**3 811**	3 811		
	21 880	24 727	**10 869**	13 436

3. LONG-TERM RECEIVABLE (Rmillion)

	Group 2004	Group 2003	Company 2004	Company 2003
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 2004	Group 2003
At cost	**49**	49
Accumulated amortisation		
Balance at beginning of year	**12**	9
Current charge	**2**	3
Balance at end of year	**14**	12
Carrying value at end of year	**35**	37

Goodwill is amortised over 20 years.

5. INVESTMENTS (Rmillion)

	Group 2004	Group 2003
Associate:		
The carrying value of the Group's 49% interest in Açucareira de Xinavane, SARL (Mozambique) comprises:		
Unlisted shares	**20**	20
Loan	**80**	74
Cumulative share of post-acquisition deficits	**(95)**	(94)
Balance at beginning of year	**(94)**	(68)
Movement in currency translation reserve	**(7)**	19
Earnings/(loss) for the year	**6**	(45)
Book value	**5**	0
Directors' valuation	**5**	0

5. **INVESTMENTS** (Rmillion) continued

	Group 2004	Group 2003	Company 2004	Company 2003
Summarised balance sheet:				
Property, plant and equipment	**359**	323		
Growing crops	**59**	42		
Current assets	**49**	99		
Current liabilities	**(82)**	(92)		
Borrowings:				
External	**(354)**	(385)		
Shareholders	**(198)**	(155)		
Net deficit	**(167)**	(168)		
Other shareholders' share of deficit	**85**	86		
Group share of deficits (pre and post-acquisition)	**(82)**	(82)		
Summarised income statement:				
Revenue	**125**	103		
Earnings/(loss) before depreciation	**5**	(3)		
Depreciation	**(24)**	(27)		
Foreign exchange gain/(loss)	**58**	(31)		
Operating profit/(loss)	**39**	(61)		
Financing costs	**(27)**	(32)		
Earnings/(loss) for the year	**12**	(93)		
Other shareholders' interest	**(6)**	48		
Group share of earnings/(loss)	**6**	(45)		
Other investments:				
Unlisted shares at fair value	**15**	2		
Loans	**3**	3	**2**	2
Book value	**18**	5	**2**	2
Carrying value of investments	**23**	5	**2**	2

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

6. **DERIVATIVE INSTRUMENTS** (Rmillion)

	Group 2004	Group 2003	Company 2004	Company 2003
The fair value of derivative instruments at year end was:				
Forward exchange contracts – hedge accounted	**(8)**	(34)	**8**	10
Forward exchange contracts – not hedge accounted	**4**	(1)	**2**	(1)
Futures contracts – hedge accounted	**(7)**	(7)	**(7)**	1
Embedded derivatives	**(5)**			
	(16)	(42)	**3**	10
Summarised as:				
Derivative assets	**36**	11	**14**	11
Derivative liabilities	**(52)**	(53)	**(11)**	(1)
	(16)	(42)	**3**	10

Further details on derivative instruments are set out in note 31.

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

	Company 2004	Company 2003
Shares at cost, less amounts written off	**527**	498
Indebtedness by	**715**	527
Indebtedness to	**(191)**	(106)
	1 051	919

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:

	2004	2003
Property, plant, equipment and investments	**1 969**	1 987
Current assets	**849**	639
Less: Current liabilities	**(309)**	(274)
Capital employed	**2 509**	2 352
Less: Borrowings	**(435)**	(470)
Post-acquisition reserves	**(1 320)**	(1 169)
Deferred tax, provisions and derivative instruments	**(549)**	(583)
Minority interests in subsidiary	**(11)**	(6)
Interest in joint ventures	**194**	124

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

	2004	2003
Revenue	**1 783**	1 618
Earnings/(loss) for the year	**57**	(74)
Tax	**(3)**	24
Minority interests	**(5)**	(1)
Total net earnings/(loss)	**49**	(51)

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

	2004	2003
Cash flows from operating activities	**(193)**	(19)
Net cash used in investing activities	**(38)**	(55)
Net movement in cash resources	**(231)**	(74)

The investment in Triangle is retained at a nominal value.
Its assets, liabilities and results 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:

	2004	2003		2004	2003
Equity	**194**	365	* Property, plant and equipment	**28**	22
Minority interest	**6**	9	Growing crops	**133**	392
Deferred tax	**41**	121	Current assets	**255**	486
Long-term borrowings		4	Current liabilities	**(175)**	(401)
	241	499		**241**	499
Revenue	**852**	954	Total net earnings	**256**	445

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

8. INVENTORIES (Rmillion)

	Group		Company	
	2004	2003	**2004**	2003
Raw materials	**404**	586	**263**	493
Work in progress	**82**	77	**4**	4
Finished goods	**819**	775	**724**	697
Consumable stores	**122**	117	**56**	57
Development properties	**222**	214		
	1 649	1 769	**1 047**	1 251

Included in raw materials is an amount of R208 million (2003 – R517 million) that relates to the constructive obligation that has been recognised on maize procurement contracts.

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, cash on deposit and cash advanced, repayable on demand.

10. SHARE CAPITAL (Rmillion)

	2004	2003
Authorised:		
150 000 000 ordinary shares of R1 each	**150**	150
Issued and fully paid:		
102 247 941 (2003 - 101 467 417)	**102**	101

Unissued:
Under option to employees, for a period of ten years from date granted, to subscribe for 7 466 621 shares at an average price of R39,79 per share (2003 – 7 040 460 shares at R38,36 per share).
Under control of the directors for the purposes of the company's share incentive scheme 2 758 173 shares (2003 – 3 106 282 shares).
Under control of directors in terms of a shareholders' resolution 37 527 265 shares (2003 – 38 385 841 shares).

Details of share options are set out in note 25.

11. DEFERRED TAX (Rmillion)

	Group		Company	
	2004	2003	**2004**	2003
Balance at beginning of year	**866**	1 006	**296**	401
Accounted for in equity	**9**	(12)	**8**	(12)
Currency alignment	**1**	(2)		
Income statement:				
Current year relief on:				
* Earnings before exceptional items	**(24)**	(128)	**(30)**	(91)
Exceptional items	**(3)**	(2)	**(3)**	(2)
Prior years' charge	**5**	4	**5**	
Balance at end of year	**854**	866	**276**	296
Comprising temporary differences relative to:				
Property, plant and equipment	**886**	888	**356**	362
Growing crops	**36**	41	**23**	28
Export partnership	**210**	210	**210**	210
Current assets	**58**	51	**5**	5
Current liabilities	**(108)**	(112)	**(90)**	(95)
Tax losses	**(223)**	(229)	**(214)**	(225)
Other	**(5)**	17	**(14)**	11
	854	866	**276**	296

* Included in the current year deferred tax relief is an amount of R10 million relating to the tax loss of a South African subsidiary that was previously not recognised due to uncertainty regarding its future recoverability.

12. **BORROWINGS** (Rmillion)

		Group		Company	
		2004	2003	**2004**	2003
Short-term		**1 096**	902	**1 002**	829
Bank overdraft		**29**	96		16
		1 125	998	**1 002**	845
Long-term		**255**	371		
		1 380	1 369	**1 002**	845
Long-term borrowings comprise:					
	Effective interest rate (%)				
Secured:					
SA Rand					
Finance leases (refer to note 28)	13,1	**4**	7		
Unsecured:					
SA Rand					
Repayable 2005/2008	12,5	**138**	165		
Repaid 2004			103		103
Foreign					
Repayable 2005/2009	Libor + 0,4	**120**	174		
Repayable 2010/2014	nil	**56**	98		
		314	540		103
Total long-term borrowings		**318**	547		103
Less: Current portion included in short-term borrowings		**63**	176		103
		255	371		0

Plant and machinery with a book value of R44 million (2003 – R46 million) are encumbered as security for the secured finance lease obligations and as security for certain short-term borrowings of R8 million (2003 – R14 million).

Unsecured Rand denominated long-term loans of R138 million (2003 – R268 million) are shown net after set-off of related investments totalling R152 million (2003 – R1 190 million).

The foreign Libor linked unsecured loans are repayable in US dollars and amount to US $23 million (2003 – US $28 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	2006	2007	2008	2009	2010	2011	Thereafter
Rmillion	68	77	41	11	12	12	34

In terms of the company's articles of association the borrowing powers of the Group are limited to R6,6 billion.

13. PROVISIONS (Rmillion)

	Group 2004	Group 2003	Company 2004	Company 2003
Post-retirement medical aid obligations (note 24)	**221**	211	**184**	177
Retirement gratuity obligations (note 24)	**49**	46	**43**	41
Other	**1**	3	**1**	**3**
	271	260	**228**	221

14. TRADE AND OTHER PAYABLES (Rmillion)

	Group 2004	Group 2003	Company 2004	Company 2003
Accounts payable	**953**	998	**464**	483
Maize obligations – interest bearing	**218**	553	**218**	553
	1 171	1 551	**682**	1 036

15. UNDERLYING OPERATING PROFIT (Rmillion)

	Group 2004	Group 2003	Company 2004	Company 2003
Revenue	**6 298**	6 559	**3 970**	4 406
Cost of sales	**(4 972)**	(5 168)	**(3 228)**	(3 534)
Administration expenses	**(685)**	(712)	**(446)**	(515)
Marketing and selling expenses	**(391)**	(332)	**(267)**	(207)
Other income	**137**	105	**100**	69
Underlying operating profit	**387**	452	**129**	219
Disclosable items:				
Income from unlisted investments	**6**	1	**5**	
Surplus on disposal of plant and equipment	**4**	2	**2**	1
Depreciation charged:				
Buildings	**11**	9	**4**	4
Plant and equipment	**190**	178	**137**	126
Vehicles and other	**30**	36	**18**	23
Management fees paid to subsidiaries			**2**	10
Management fees paid to third parties	**4**	5		
Technical fees paid	**11**	16	**11**	16
Operating lease charges (property, plant and vehicles)	**14**	13	**10**	10
Auditors' remuneration:				
Fees	**5**	5	**3**	3
Other services	**1**	1	**1**	1

16. DIVIDENDS RECEIVED FROM SUBSIDIARIES (Rmillion)

	Group 2004	Group 2003	Company 2004	Company 2003
Triangle	**51**	19		
Other subsidiaries			**88**	54
	51	19	**88**	54

17. **VALUATION ADJUSTMENTS ON FINANCIAL INSTRUMENTS AND OTHER ITEMS** (Rmillion)	Group		Company	
	2004	2003	**2004**	2003
Maize procurement contracts	**18**	(211)	**18**	(211)
Translation of foreign currency:				
Foreign cash holdings	**(47)**	(80)		
Other	**(22)**	(57)		(5)
Export receivables	**3**	(33)	**2**	(7)
Other financial instruments	**(3)**	(17)		(7)
	(51)	(398)	**20**	(230)

18. **EXCEPTIONAL ITEMS** (Rmillion)	Group		Company	
	2004	2003	**2004**	2003
Surplus on sale of property	**18**	15	**26**	6
Estate closure costs	**(10)**	(3)	**(10)**	(3)
Goodwill amortised	**(2)**	(3)		
Recovery of loan to subsidiary, previously written-off by the holding company			**46**	
Impairment of assets		(2)		(2)
Exceptional items before tax	**6**	7	**62**	1
Tax (refer note 20)	**3**	2	**3**	2
Exceptional items after tax	**9**	9	**65**	3

19. **NET FINANCING COSTS** (Rmillion)	Group		Company	
	2004	2003	**2004**	2003
Interest paid – external	**(275)**	(438)	**(208)**	(386)
Financial instrument income	**112**	174	**112**	174
Interest received – external	**70**	69	**7**	32
Interest (paid)/received – subsidiaries			**(11)**	30
Realised gain on cash equivalent investment		43		
	(93)	(152)	**(100)**	(150)

20. **TAX** (Rmillion)	Group		Company	
	2004	2003	**2004**	2003
Earnings/(loss) before exceptional items:				
Current	**51**	20		
Deferred	**(24)**	(128)	**(30)**	(91)
Secondary tax on companies	**12**	29	**12**	29
Prior years	**5**	4	**4**	
	44	(75)	**(14)**	(62)
Exceptional items:				
Deferred	**(3)**	(2)	**(3)**	(2)
Tax for the year	**41**	(77)	**(17)**	(64)
Foreign tax included above	**4**	9		

20. TAX continued

	Group 2004 %	Group 2003 %	Company 2004 %	Company 2003 %
Normal rate of South African tax charge/(relief)	**30,0**	(30,0)	**30,0**	(30,0)
Adjusted for:				
Non-taxable income	**(23,2)**	(73,1)	**(58,0)**	(81,5)
Reserves of foreign subsidiaries		(88,9)		
Assessed losses of foreign subsidiaries	**(3,5)**	3,6		
Non-allowable expenditure	**0,8**	1,9	**1,0**	0,8
Secondary tax on companies	**4,4**	40,3	**7,1**	27,4
Capital gains	**4,7**	33,5	**7,7**	22,7
Prior years	**1,8**	5,6	**2,4**	
Effective rate of tax	**15,0**	(107,1)	**(9,8)**	(60,6)

Tax losses of R742 million (2003 – R763 million) have been utilised to reduce deferred tax. No deferred tax asset has been raised in respect of the tax losses of foreign subsidiaries that may not be utilised in the short-term or may expire in terms of applicable tax legislation.

21. HEADLINE EARNINGS/(LOSS) (Rmillion)

	Group 2004	Group 2003
Total net earnings/(loss)	**226**	(41)
Less after tax effect of:		
Exceptional items (note 18)	**(9)**	(9)
Surplus on disposal of fixed assets	**(3)**	(1)
Realised gain on cash equivalent investment		(42)
Headline earnings/(loss)	**214**	(93)

22. 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 101 718 002 (2003 – 101 417 620) and in respect of diluted earnings per share the weighted average number of shares is 102 790 613 (2003 – 101 815 540).

23. DIVIDENDS (Rmillion)

	2004	2003
Paid:		
Final for previous year, paid 25 March 2004 – 80 cents (2003 – 190 cents)	**81**	193
Interim for current year, paid 2 September 2004 – 50 cents (2003 – 40 cents)	**51**	40
	132	233

The final dividend for the year ended 31 December 2004 of 120 cents per share declared on 18 February 2005 and payable on 24 March 2005 has not been accrued.

24. 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 certified by the reporting actuary to be in a sound financial position. With effect from 7 December 2001 The Pension Funds Second Amendment Bill was enacted. This Bill requires that the actuarial valuation at 31 December 2001, together with a plan for the apportionment on a fair basis to the employer and past and current members of the fund, of any surplus established by this valuation must be approved by the Financial Services Board (FSB). Whilst the valuation has been completed and submitted to the FSB, the apportionment plan, which will determine the entitlement of any party, is currently being developed and is expected to be submitted to the FSB for approval before 30 June 2005. 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 2004 in accordance with AC116 showed the present value of obligations to be adequately covered by the fair value of the scheme assets.

	Group	
	2004 Rmillion	2003 Rmillion
Details of the valuation are as follows:		
Fair value of scheme assets	**3 602**	3 061
Present value of obligation	**(3 109)**	(2 558)
Excess of Fund assets over member liabilities	**493**	503
The reconciliation for the year is as follows:		
Opening balance	**503**	521
Interest costs	**(270)**	(252)
Service costs	**(91)**	(70)
Contributions paid (company and employee)	**67**	59
Expected return on scheme assets	**270**	308
Actuarial gains/(losses)	**14**	(63)
Closing balance	**493**	503
Actual return on scheme assets:	**367**	438
Included in the assets of the scheme are ordinary shares held in The Tongaat-Hulett Group Limited, stated at fair value	**85**	52
The principal actuarial assumptions are:		
Discount rate	**8,0%**	10,0%
Salary cost inflation	**5,0%**	7,0%
Pension increase allowance	**4,0%**	6,0%
Expected rate of return on assets	**8,0%**	10,0%

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 R15 million were expensed during the year (2003 – R13 million).

24. **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 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	
	2004	2003	**2004**	2003
Amounts recognised in the balance sheet:				
Present value of unfunded obligations	**239**	218	**198**	184
Unrecognised actuarial losses	**(18)**	(7)	**(14)**	(7)
Net liability in balance sheet	**221**	211	**184**	177
The liability is reconciled as follows:				
Net liability at beginning of year	**211**	199	**177**	170
Net expense recognised in income statement	**26**	25	**22**	19
Contributions	**(16)**	(13)	**(15)**	(12)
Net liability at end of year	**221**	211	**184**	177
Amounts recognised in the income statement:				
Service costs	**3**	4	**2**	2
Interest costs	**21**	23	**18**	20
Net actuarial losses/(gains) recognised	**2**	(2)	**2**	(3)
	26	25	**22**	19
The principal actuarial assumptions applied are:				
Discount rate	**8,0%**	10,0%	**8,0%**	10,0%
Health care cost inflation rate	**5,0%**	7,0%	**5,0%**	7,0%

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	
	2004	2003	**2004**	2003
Amounts recognised in the balance sheet:				
Present value of unfunded obligations	**45**	48	**40**	43
Unrecognised actuarial gains/(losses)	**4**	(2)	**3**	(2)
Net liability in balance sheet	**49**	46	**43**	41
The liability is reconciled as follows:				
Net liability at beginning of year	**46**	43	**41**	39
Net expense recognised in income statement	**7**	7	**6**	6
Payments made	**(4)**	(4)	**(4)**	(4)
Net liability at end of year	**49**	46	**43**	41
Amounts recognised in the income statement:				
Service costs	**3**	3	**2**	2
Interest costs	**5**	5	**4**	5
Net actuarial gains recognised	**(1)**	(1)		(1)
	7	7	**6**	6
The principal actuarial assumptions applied are:				
Discount rate	**8,0%**	10,0%	**8,0%**	10,0%
Salary inflation rate	**5,0%**	7,0%	**5,0%**	7,0%

25. 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 2003	Options granted in 2004	Options exercised in 2004	Options forfeited in 2004	Number of options at 31 Dec 2004	Options time constrained
28,33	4 March 1994	19 200		19 200			
40,50	20 September 1994	488 020		487 520	500		
40,00	24 March 1995	97 400		3 000		94 400	
33,25	4 November 1998	227 200		25 500		201 700	
32,90	5 March 1999	1 366 800		141 254		1 225 546	
40,10	7 May 1999	611 240		51 580		559 660	
30,00	19 May 2000	196 900		8 720		188 180	75 272
29,40	26 July 2000	22 300		1 600		20 700	8 280
39,85	12 January 2001	132 600		3 000		129 600	77 760
40,00	16 May 2001	1 192 650		39 150	6 795	1 146 705	344 011
42,00	15 August 2001	58 500				58 500	17 550
49,60	13 May 2002	1 293 250			13 320	1 279 930	767 958
31,90	14 April 2003	1 289 400			18 300	1 271 100	1 271 100
34,50	1 October 2003	45 000				45 000	45 000
47,00	21 April 2004		1 260 800		15 200	1 245 600	1 245 600
		7 040 460	1 260 800	780 524	54 115	7 466 621	3 852 531

26. DIRECTORS' REMUNERATION AND INTERESTS

Directors' remuneration (R000)

The directors' remuneration for the year ended 31 December 2004 was as follows:

Name	Fees	# Cash salary	Bonus	Travel expense allowances	Retirement and medical contributions	Other benefits	Share option gains	Total
Executive directors:								
D G Aitken (to 29 February 2004)	13	169		28	29	945*	65	1 249
B G Dunlop	95	1 418	811	312	219	103+	55	3 013
A Fourie	95	1 163	638	296	199	34+	19	2 444
G R Hibbert	95	970	637	305	175	69+	16	2 267
G P N Kruger	95	1 319	742	308	222	206+	53	2 945
M H Munro	95	939	617	302	178		39	2 170
S J Saunders	95	1 322	767	298	214	206+	74	2 976
M Serfontein	95	971	605	304	187	103+	128	2 393
P H Staude	95	2 622	1 493	361	344	206+	18	5 139
	773	10 893	6 310	2 514	1 767	1 872	467	24 596

During 2004 the company converted to a cash based remuneration structure which resulted in the inclusion in cash salary of amounts in respect of various separate fringe benefits previously disclosed as other benefits.

* Including accrued leave and retirement gratuity.

+ A once-off lump sum settlement was paid on the discontinuance of an educational assistance scheme.

Bonuses and other benefits are reported to match the amount payable to the applicable financial year.

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

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 to match the amount payable to the applicable financial year.

Name	**2004** Fees	**2004** Other	**2004** Total	2003 Fees	2003 Other	2003 Total
Non-executive directors:						
D D Barber	**95**		**95**	80		80
P M Baum	**95**	**60**	**155**			
I Botha (from 23 February 2004)	**82**	**25**	**107**			
L Boyd	**95**	**70**	**165**	80	70	150
E le R Bradley	**95**	**135**	**230**	80	135	215
B E Davison (from 3 May 2004)	**67**		**67**			
M W King	**95**	**50**	**145**	80	50	130
J B Magwaza	**95**	**239** +	**334**	40		40
M Mia	**95**	**80**	**175**	80	80	160
T H Nyasulu	**95**	**25**	**120**	80	50	130
C M L Savage	**215**	**571**	**786**	200	562	762§
R H J Stevens	**95**	**90**	**185**	80	90	170
A M Thompson	**95**		**95**	80		80
Directors retired/resigned				80	85	165
	1 314	**1 345**	**2 659**	960	1 122	2 082

+ Includes share option gain on the exercise of options awarded when he was an executive director.

§ Restated

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 2004.

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

Interest of directors of the company in share capital

The aggregate holdings as at 31 December 2004 of those directors of the company holding issued ordinary shares of the company are detailed below. Holdings are beneficial except where indicated otherwise.

	2004		2003	
Name	**Direct shares**	**Indirect shares**	Direct shares	Indirect shares
Executive directors:				
B G Dunlop	**1 440**		1 440	
A Fourie	**5 000**		3 600	
G R Hibbert	**21 562**		21 562	
G P N Kruger	**205**		205	
M H Munro	**500**			
S J Saunders		**761 632**		760 632
S J Saunders (non-beneficial)		**487 376**		487 376
M Serfontein	**1 000**	**8 000**	500	8 000
P H Staude	**22 049**		18 049	
	51 756	**1 257 008**	45 356	1 256 008
Non-executive directors:				
L Boyd	**500**		500§	
E le R Bradley		**104 191**		104 191
E le R Bradley (non-beneficial)		**20 934**		20 934
J B Magwaza	**5 760**		5 760	
C M L Savage	**24 003**	**73 225**	24 003	73 225
R H J Stevens	**618**		618	
	30 881	**198 350**	30 881	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 2003	Options granted during the year	Options exercised during the year	Number of shares at 31 Dec 2004
Executive directors						
B G Dunlop	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
	47,00	21 April 2004		3 600		3 600
			176 400	3 600	14 000	166 000

26. 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 2003	Options granted during the year	Options exercised during the year	Number of shares at 31 Dec 2004
Executive directors (continued):						
A Fourie	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
	47,00	21 April 2004		30 000		30 000
			122 600	30 000	4 000	148 600
G R Hibbert	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
	47,00	21 April 2004		25 000		25 000
			119 000	25 000	4 000	140 000
G P N Kruger	40,50	20 September 1994	1 800		1 800	
	40,00	24 March 1995	8 800		4 800	4 000
	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
	47,00	21 April 2004		10 000		10 000
			149 600	10 000	6 600	153 000

26. **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 2003	Options granted during the year	Options exercised during the year	Number of shares at 31 Dec 2004
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
	47,00	21 April 2004		32 000		32 000
			101 300	32 000	8 400	124 900
S J Saunders	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
	47,00	21 April 2004		18 000		18 000
			140 000	18 000	18 000	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
	47,00	21 April 2004		14 000		14 000
			136 000	14 000	30 000	120 000
P H Staude	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
	47,00	21 April 2004		28 000		28 000
			222 000	28 000	4 000	246 000

26. **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 2003	Options granted during the year	Options exercised during the year	Number of shares at 31 Dec 2004
* Non-executive directors:						
J B Magwaza	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
			126 800		36 000	90 800
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			1 433 700	160 600	125 000	1 469 300

* The non-executive directors' share options were awarded when they were executive directors.
114 600 options relating to a director who retired during the year are excluded from the opening balance.

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

	Group		Company	
	2004	2003	**2004**	2003
Guarantees in respect of obligations of the Group and third parties	**21**	20	**15**	14
Contingent liabilities	**13**	23	**5**	5
	34	43	**20**	19

28. **LEASES** (Rmillion)

	Group 2004	Group 2003	Company 2004	Company 2003
Amounts payable under finance leases				
Minimum lease payments due:				
Not later than one year	**2**	3		
Later than one year and not later than five years	**2**	5		
Later than five years	**1**	1		
	5	9		
Less: future finance charges	**(1)**	(2)		
Present value of lease obligations	**4**	7		
Payable:				
Not later than one year	**1**	2		
Later than one year and not later than five years	**2**	4		
Later than five years	**1**	1		
	4	7		
Operating lease commitments, amounts due:				
Not later than one year	**12**	21	**7**	20
Later than one year and not later than five years	**45**	38	**31**	26
	57	59	**38**	46
In respect of:				
Property	**42**	36	**24**	23
Plant and machinery	**6**	4	**6**	4
Other	**9**	19	**8**	19
	57	59	**38**	46

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

	Group 2004	Group 2003	Company 2004	Company 2003
Contracted	**52**	46	**39**	21
Approved but not contracted	**86**	85	**49**	46
	138	131	**88**	67

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

30. **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.

	Group 2004	Group 2003	Company 2004	Company 2003
The outstanding balances at year end are as follows and are included in:				
Accounts receivable	**10**	9	**10**	9
Accounts payable		1		1
Borrowings	**2**	1	**2**	1

31. 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 an appropriate portion 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			
			2004	2003			**2004**	2003
	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	7,68	6						
US dollars	5,66	4						
UK pounds	11,21	2						
		12						
Exports								
US dollars	6,37	273	**28**		7,05	43	**8**	
Euro	7,68	22						
UK pounds	11,05	8		9				10
		303	**28**	9		43	**8**	10
Loan capital payments and interest								
US dollars	7,49	173	**(36)**	(43)				
Net total		488	**(8)**	(34)		43	**8**	10

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 2005 and 2006.

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			
			2004	2003			**2004**	2003
	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								
US dollars	6,42	10	**(1)**		6,42	10	**(1)**	
Euro	7,84	1			7,84	1		
		11	**(1)**			11	**(1)**	
Exports								
US dollars	6,20	73	**5**		6,42	16	**3**	
Australian dollars	4,56	2		(1)	4,56	2		(1)
Euro	8,00	3						
		78	**5**	(1)		18	**3**	(1)
Net total		89	**4**	(1)		29	**2**	(1)

The Group has the following uncovered foreign receivables:

	Group			Company		
	Foreign amount (million)	**2004 (Rmillion)**	2003 (Rmillion)	Foreign amount (million)	**2004 (Rmillion)**	2003 (Rmillion)
US dollars	15	**90**	64	2	**15**	2
Mozambique meticais	56 398	**17**	16	56 398	**17**	16
Euro	1	**8**	22			
Australian dollars	1	**5**		1	**5**	
UK pounds		**7**	8			
		127	110		**37**	18

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 2005 and a significant portion of its requirements for the year ending 31 May 2006 by means of unpriced procurement 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.

31. **FINANCIAL RISK MANAGEMENT** continued

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

Futures – hedge accounted:

	Group Tons	Group Contract Value (Rmillion)	Group **2004 Fair value (Rmillion)**	Group 2003 Fair value (Rmillion)	Company Tons	Company Contract value (Rmillion)	Company **2004 Fair value (Rmillion)**	Company 2003 Fair value (Rmillion)
Raw sugar futures purchased	13 475	12	**3**	(1)	13 475	12	**3**	**(1)**
Raw sugar futures sold	32 013	37	**(9)**	2	32 013	37	**(9)**	**2**
Maize futures purchased	29 700	26	**(1)**		29 700	26	**(1)**	
Aluminium futures purchased	13	108						
Aluminium futures sold	13	119		(8)				
			(7)	(7)			**(7)**	1

Futures - not hedge accounted:

	Group Tons	Group Contract value (Rmillion)	Group **2004 Fair value (Rmillion)**	Group 2003 Fair value (Rmillion)	Company Tons	Company Contract value (Rmillion)	Company **2004 Fair value (Rmillion)**	Company 2003 Fair value (Rmillion)
Maize futures purchased				33				33

Embedded derivatives:

	Group **2004 Fair value (Rmillion)**	Group 2003 Fair value (Rmillion)	Company **2004 Fair value (Rmillion)**	Company 2003 Fair value (Rmillion)
Sales orders not yet fulfilled	**(5)**			

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 R696 million (2003 – R799 million).

32. PRINCIPAL SUBSIDIARY COMPANIES AND JOINT VENTURES (Rmillion)

	Interest of Holding Company			
	Shares		Indebtedness	
	2004	2003	**2004**	2003
African Products (Pty) Limited	**15**	15	**(15)**	(15)
* Hulett Aluminium (Pty) Limited (50%) Hulett-Hydro Extrusions (Pty) Limited (35%)	**7**	7	**582**	345
Moreland Estates (Pty) Limited			**(113)**	54
Tongaat-Hulett Sugar Limited Tambankulu Estates Limited (Swaziland) Açucareira de Moçambique, SARL (Mozambique) (75%) +Triangle Sugar Corporation Limited (Zimbabwe)	**451**	422	**94**	34
The Tongaat Group Limited	**54**	54	**(24)**	3
	527	498	**524**	421

* Joint Venture
\+ Not consolidated

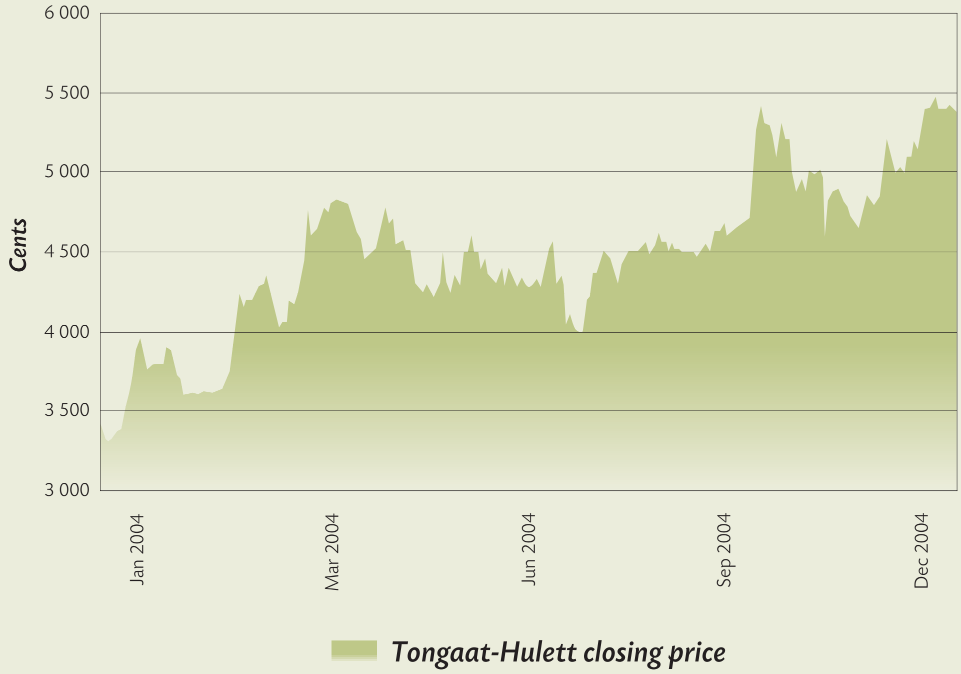
Except where otherwise indicated, effective participation is 100 percent.
A full list of all subsidiaries and joint ventures is available from the group secretary on request.

SHARE OWNERSHIP ANALYSIS

at 31 December 2004

Number of shareholders	Spread	Shares held	% Held
4 530	1 - 1 000 shares	1 517 108	1,48
1 523	1 001 - 10 000 shares	4 596 288	4,50
254	10 001 - 100 000 shares	8 845 853	8,65
71	100 001 - 1 000 000 shares	18 820 479	18,41
7	more than 1 000 000 shares	68 468 213	66,96
6 385	Total	102 247 941	100,00
	Category		
82	Banks	7 339 935	7,18
72	Close Corporations	65 890	0,06
67	Endowment Fund	523 733	0,51
1	Holding company	53 657 600	52,48
4 631	Individuals	6 662 162	6,52
29	Insurance Companies	1 317 520	1,29
20	Investment Companies	7 592 039	7,43
85	Mutual funds	9 163 531	8,96
1 009	Nominees and Trusts	3 381 999	3,31
73	Other Corporations	254 135	0,25
118	Pension Funds	11 297 999	11,04
181	Private Companies	768 564	0,75
17	Public companies	222 834	0,22
6 385	Total	102 247 941	100,00
	Type of shareholder		
	Non-public		
24	Directors and associates of the company	1 442 214	1,41
1	Strategic holdings	53 657 600	52,48
3	Own holdings	16 791	0,02
3	Issuer pension funds	1 581 261	1,54
31	Total Non-public	56 697 866	55,45
6 354	Public	45 550 075	44,55
6 385	Total	102 247 941	100,00
	Beneficial shareholdings over four percent		
	Anglo South Africa Capital (Pty) Limited	53 657 600	52,48
	Liberty Group	5 774 072	5,65
	Public Investment Commissioner	4 539 699	4,44

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

S Davidson (34)
Appointed group secretary 2004

Business and Postal Address

Amanzimnyama Hill Road
Tongaat
KwaZulu-Natal
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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 Investor Services
2004 (Pty) Limited
P O Box 61051
Marshalltown 2107

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

Sponsor

Investec Bank Limited
100 Grayston Drive
Sandown
Sandton 2196

The Tongaat-Hulett Group Limited

Registration Number: 1892/000610/06 JSE Code: TNT ISIN Number: ZAE 000007449

NOTICE TO SHAREHOLDERS

Notice is hereby given that the one hundred and thirteenth annual general meeting of shareholders will be held at the Corporate Office, Amanzimnyama Hill, Tongaat, KwaZulu-Natal, on Tuesday 26 April 2005 at 09h00.

If you are unable to attend the annual general meeting of Tongaat-Hulett shareholders, you may complete the enclosed form of proxy in accordance with the instructions therein and lodge it by not later than 09h00 on Friday 22 April 2005 with:

South Africa: Computershare Investor Services 2004 (Pty) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107).
United Kingdom: Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

Date of issue: 18 February 2005

Order of business

1. To receive and consider the annual financial statements of the company and of the Group for the year ended 31 December 2004.

2. To elect directors in place of Messrs L Boyd, B E Davison, G R Hibbert, M W King, J B Magwaza and M Serfontein 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 34 and 35 of the 2004 Annual Report.

3. To consider and, if deemed fit, to pass, with or without modification, the following resolutions, subject to the approval of the JSE Securities Exchange South Africa ("JSE"):

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, 61 of 1973, as amended ("the Companies Act") and in terms of the JSE Listings Requirements; provided that:

(1) the number of ordinary shares acquired in any one financial year shall not exceed five percent of the ordinary shares in issue at the date on which this resolution is passed;

(2) 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;

(3) 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;

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

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

(6) the company complies with the share-holders' spread requirements in terms of the JSE Listings Requirements;

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

(8) 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 JSE Listings Requirements, in respect of such acquisitions;

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

(10) before entering the market to effect the general repurchase, the directors, having considered the effects of the repurchase of the maximum number of ordinary shares in terms of the foregoing general authority, will ensure that for a period of 12 months after

the date of the notice of annual general meeting:

- the company and the Group will be able, in the ordinary course of business, to pay its debts;
- the assets of the company and the Group, fairly valued in accordance with generally accepted accounting practice, will exceed the liabilities of the company and the Group;
- the company and the Group's ordinary share capital, reserves and working capital will be adequate for ordinary business purposes;

(11) 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 in the 2004 Annual Report as follows:

(a) directors of the company (see pages 34 and 35);
(b) major shareholders (see page 74);
(c) directors' interests in the company's securities (see page 65);
(d) share capital (see page 56).

There have been no material changes since 31 December 2004.

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 34 and 35 of the 2004 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 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 and the JSE Listings Requirements.

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 proviso that the aggregate number of shares to be allotted and issued in terms of this resolution shall be limited to ten percent of the number of shares in issue at 26 April 2005 and subject to the provisions of the Companies Act and the JSE Listings Requirements".

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 JSE Listings Requirements, 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 ten 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 January 2005, as recommended by the Remuneration Committee and the board, subject to ratification by the shareholders at the annual general meeting, be and are hereby approved."

Proposed Directors' Fees with effect from 1 January 2005

Type of fee	Existing fees R	Proposed fees from 1 January 2005 R
Group Board:		
Chairman	220 000 pa	230 000 pa
Directors	100 000 pa	115 000 pa
Non-Executive Directors:		
Operating Company Boards	50 000 pa	60 000 pa
Audit and Compliance Committee:		
Chairman	100 000 pa	120 000 pa
Members	50 000 pa	60 000 pa
Remuneration Committee:		
Chairman	70 000 pa	90 000 pa
Members	35 000 pa	45 000 pa
Employment Equity Committee	30 000 pa	45 000 pa

Ordinary Resolution Number 5

"Resolved as an ordinary resolution that:

(1) the company adopts and approves The Tongaat-Hulett Group Ltd Share Appreciation Right Scheme 2005, as contained in the scheme rules prepared by PricewaterhouseCoopers, a copy of which was laid before the meeting;

(2) the company adopts and approves The Tongaat-Hulett Group Ltd Long Term Incentive Plan 2005, as contained in the scheme rules and prepared by PricewaterhouseCoopers, a copy of which was laid before the meeting;

(3) the company adopts and approves The Tongaat-Hulett Group Ltd Deferred Bonus Plan 2005, as contained in the scheme rules prepared by PricewaterhouseCoopers, a copy of which was laid before the meeting; and

(4) the board of directors of the company is authorised to do all things necessary for and

incidental to the implementation of items 1, 2 and 3 of this resolution, including the signature of the relevant scheme rules and all related or ancillary documents."

The reasons for the adoption of the schemes in terms of the above resolution and the salient features thereof are set out below.

Salient Features of The Tongaat-Hulett Group Ltd Share Appreciation Right Scheme 2005, Long Term Incentive Plan 2005 and Deferred Bonus Plan 2005

Recent developments in tax legislation, accounting standards and best practice in local and global share schemes have required a review of the company's existing share option scheme. The company's remuneration committee with the assistance of independent advisors has determined that the current scheme is no longer tax effective and the quantum of the expected benefit of the awards is below market norms. In particular the costs of the existing scheme are not deductible in the company's hands, but the benefits are fully taxable in the employees' hands.

In line with global best practice, and emerging South African practice, the remuneration committee and the board of the company recommend the adoption of the following share schemes, based on equity settled share appreciation rights, conditional shares and a deferred annual bonus plan. The recommended schemes are in line with practice in FTSE 100 and FTSE 500 companies in the United Kingdom and with several recently adopted schemes for large JSE listed or dual listed companies.

The Share Appreciation Right Scheme 2005 ("SARS"), Long Term Incentive Plan 2005 ("LTIP") and Deferred Bonus Plan 2005 ("DBP") will be established by the company under which executive directors and employees of the company and its subsidiaries and associates will be awarded rights to receive shares in the company based on the value of these awards (after the deduction of employees' tax) when performance conditions have been met, the awards have vested, and, in the case of the SARS, the share appreciation right ("SAR") has been exercised.

The schemes are structured to optimise the company's tax position, and the reflection of the new accounting charges that are required under the new standard (IFRS 2/AC 139: Share Based Payment), while providing a benefit that will assist in the attraction, retention and reward of executives and senior management.

The primary intent of the schemes will be to purchase shares in the market to settle the scheme benefits, so the schemes will not be as dilutive as the current share option scheme. The company will retain the right to issue new shares, which will be of a class already in issue, at its election to mitigate the risk of a spike in the share price which could expose the company to liquidity risk. In any case, the company will be limited to issuing ten percent of the company's ordinary shares in settlement of benefits of all company share schemes over any ten year period. Scheme shares shall rank pari passu in all respects with the existing issued shares of the company.

The schemes also support the principle of alignment of management and shareholder interests. Performance conditions governing the vesting of the scheme instruments are related to growth in earnings, share price, total shareholder return and return on capital employed, relative to targets that are intended to be stretching but achievable. Targets are linked where applicable to the company's medium term business plan, over rolling three year performance periods.

The term "face value of the grant/award" when used in the context of setting limits (overall and individual) in the salient features and the scheme rules refers to the face value of the shares associated with the SARS, LTIP or DBP award. This should not be confused with the "expected value of the grant/award" which is used when establishing the accounting cost of the award for reflection in the company's financial statements, and the value of the benefit of awards for scheme members used by the remuneration committee to establish appropriate variable remuneration levels relative to benchmarks.

The limits on the face value of the awards are maximum caps designed to protect shareholders and should not raise expectations of an entitlement by scheme members, nor intent to award grants at these levels. The individual limits for the SARS and the LTIP are set so that each plan could be used individually, in the case that regulatory developments preclude the use of either plan. Actual grants will be set each year considering the job level of the member, their individual performance, and appropriate benchmarks of expected combined value of awards.

It should be noted that in terms of the company's corporate governance framework, material remuneration committee decisions, including the exercise of its discretion in terms of the scheme rules, are presented to the board for final approval.

A summary of the main terms of the schemes and the performance conditions that will be applied to the initial grant is set out below. Performance conditions for subsequent awards may utilise different performance measures and targets, but will be no less challenging in the context of the prevailing business environment.

1. Glossary of Terms

"base pay"	the basic cash salary (the cash element excluding all employer medical aid and pension fund contributions) plus the guaranteed annual bonus, where applicable;
"business day"	a day on which the JSE is open for the transaction of business;
"committee"	the Remuneration Committee of the board of directors of the company or any duly authorised committee;
"company"	The Tongaat-Hulett Group Limited ("THGL");
"date of grant"	the date with effect from which an award is granted to an employee as is specified in the letter of grant;
"employee"	any person holding full-time salaried employment or office (including any executive director) of the participating company;
"exercise price"	the market value of a share on the business day immediately preceding the SAR exercise date;
"face value of grant/award"	the market value of the shares related to grant/award determined as at the date of grant;
"letter of grant"	a document prepared by the company which details the name of the participant to whom the SARs or conditional awards are granted, the number of shares in respect of which the SARs or conditional awards are granted, the grant price for the SARs and any applicable performance conditions;
"market value"	the volume weighted average market price of a share for the applicable day as quoted on the JSE;
"matching award"	an award of shares made to a participant under the DBP equal to the market value of the pledged shares on the vesting date, after the deduction of employees' tax;
"offer to participate"	a document prepared by the company inviting a participant to participate in the DBP which details the name of the participant, the number of pledged shares and matching shares relating to each pledged share, the release date and any applicable conditions pertaining thereto;
"participating company"	the company, its subsidiaries (as contemplated in the Companies Act) and its associated organisations (as designated from time to time by the board, in its discretion);
"performance condition"	the condition specified in the letter of grant, to which a grant is subject;

"performance period"	the period in respect of which a performance condition is to be satisfied;
"pledged shares"	a number of shares acquired by a participant with a portion of the after tax component of the participant's annual bonus in terms of the DBP;
"release date"	the date on which the settlement for the vested matching award is made and the pledged shares are released from the pledge, in terms of the DBP;
"shares"	ordinary shares of R1,00 (one Rand) each in the capital of the company and includes any shares or securities acquired as a result of a reconstruction or takeover and which are attributable to such ordinary shares following a re-construction or takeover;
"share appreciation right"	a right to receive shares granted in terms of the scheme on the value of the difference between the exercise price and the grant price less income tax payable on such difference;
"total shareholder return"	means the return to shareholders from the change in the share price and the payment of dividends and other distributions;
"vesting date"	the date on which a SAR becomes exercisable on fulfilment of the performance conditions or the date on which a participant becomes entitled to receive settlement due to the fulfilment of performance conditions under the LTIP and the date on which the participant becomes entitled to the matching award in terms of the DBP.

2. Eligibility

Any executive directors or employees of any participating company may be selected by the committee to be participants in the plan.

3. Performance Conditions

For the SARS

3.1 The vesting of SARs will be conditional upon the achievement of Group performance levels (established by the committee) over a performance period of three years (SARs performance period), as set out in the letter of grant.

3.2 The application of a condition of headline earnings per share ("HEPS") growth of CPI plus six percent over the three year period before the SARs vest will be applied for the initial award. If the condition is not met for a given tranche of SARs, retesting of the condition from the fixed base year in year four and year five against HEPS targets of CPI plus eight percent and CPI plus ten percent will be permitted.

For the LTIP

3.3 The vesting of LTIP awards will be conditional upon the achievement of Group performance levels (established by the committee) over a performance period of three years (LTIP performance period), as set out in the letter of grant.

3.4 The performance conditions referred to above will be set as of the date of grant of the LTIP award. Two performance conditions will be imposed for the initial grant:

3.4.1 the total shareholder return ("TSR") condition;

3.4.2 the return on capital employed ("ROCE") condition.

3.5 For the initial award, 50 percent of the LTIP award will be subject to the TSR condition and 50 percent will be subject to the ROCE condition.

3.6 The grant of all LTIP awards will be conditional upon the participant remaining employed within the Group for a minimum employment period of three years as set out in the letter of grant.

the TSR condition

3.7 The TSR will be compared to the TSR of a peer group over the LTIP performance period. The TSR of THGL relative to the TSR of the INDI 25 will be used for the initial award.

3.8 The TSR for the purposes of this plan is defined to be the compound annual growth rate ("CAGR") on a portfolio of THGL ordinary shares purchased on 31 December 2004, holding the shares, and reinvesting the dividends received from the portfolio in THGL shares, until 31 December 2007, and then selling the portfolio on that day. The TSR calculation will be performed using the THGL daily ZAR TSR Index, as provided by Datastream (a United Kingdom based information provider), on the nearest trading day following 31 December 2004 and the nearest trading day following 31 December 2007, and computing the CAGR between these values.

3.9 This TSR will be smoothed by computing the TSR in the same manner for the three year period following each trading day for the six months preceding 31 December 2004.

3.10 Subject to the participant remaining in the employment of the Group for the LTIP minimum employment period, if the TSR over the LTIP performance period:

3.10.1 ranks within the upper quartile of the peer group, then the whole LTIP award, which is subject to the TSR condition will become unconditional and will vest;

3.10.2 ranks at the median TSR of the peer group, then 30 percent of the LTIP award, will become unconditional and will vest. The remainder of the LTIP award subject to the TSR condition will lapse and will be of no further force or effect;

3.10.3 ranks less than the upper quartile rank of the peer group and ranks greater than the median of the peer group, then the percentage of the LTIP award, subject to the TSR condition, which becomes unconditional and will vest, will be linearly apportioned as the ranking of the TSR increases. The remainder of the LTIP award, subject to the TSR condition will lapse and will be of no further force or effect;

3.10.4 ranks less than the median TSR of the peer group, then the whole of the LTIP award subject to the TSR condition will lapse and will be of no force or effect whatsoever.

the ROCE condition

3.11 The ROCE measure is a return on capital employed measure with a number of adjustments. Targets are set by the committee based on existing ROCE performance in the base year of an LTIP and planned ROCE performance in the final year of the LTIP performance period.

3.12 Subject to the participant remaining in the employment of the Group for the LTIP minimum employment period, the number of LTIPs that vest in terms of the ROCE condition is determined as follows.

3.12.1 If the ROCE in the final year of the LTIP performance period of the company is equal to the minimum ROCE target then the minimum ROCE award (30 percent of the grant subject to the ROCE condition) vests. The remainder of the LTIP award subject to the ROCE condition will lapse and will be of no further force or effect.

3.12.2 If the ROCE in the final year of the LTIP performance period is equal to, or exceeds the maximum ROCE target then the maximum award (100 percent of the grant subject to the ROCE condition) vests.

3.12.3 The award vests linearly between 30 percent and 100 percent for performance between the minimum ROCE target and the maximum ROCE target. The remainder of the LTIP award subject to the ROCE condition will lapse and will be of no further force or effect.

3.12.4 If the ROCE in the final year of the LTIP performance period is less than the minimum ROCE target then the whole of the LTIP award, subject to the ROCE condition will lapse and will be of no force or effect whatsoever.

3.13 The principles underlying these targets are:

3.13.1 the minimum ROCE target for existing capital will take into account the actual ROCE in the base year, and the three year business plan;

3.13.2 the maximum ROCE target for existing capital is based on the current three year business plan;

3.13.3 the minimum and maximum targets for incremental capital are based on the nominal pre-tax weighted average cost of capital of THGL.

3.14 ROCE definition
ROCE equals operating profit divided by average adjusted capital employed.

Where, in respect of the financial year being measured, adjusted capital employed equals capital employed less capital projects in progress.

3.15 Average capital employed is taken as the average of the opening and closing balances (after adjustments) of capital employed in the year over which profit is measured.

3.16 Other adjustments may be applied from time to time by the committee to reflect changes in circumstances (for example disposals and cyclical variation in actual capital employed during a year if applicable).

For the DBP

3.17 The DBP awards are not subject to any performance conditions.

4. Limits

4.1 Shares available for the plan
The aggregate number of shares which may be allocated under the SARS, the LTIP and DBP on any day, when added to the total number of unexercised SARs, conditional awards and matching awards which have been allocated under the SARS, LTIP and DBP and any other employee share scheme operated by the company, shall not exceed ten percent of the number of issued ordinary shares of the company from time to time.

4.2 Individual limit
The face value of the grants made to an employee in any financial year under the SARS should not exceed two times the employee's base pay at the date of offer.

The face value of the grants made to an employee in any financial year under the LTIP should not exceed two times the employee's base pay at the date of offer.

The face value of the matching shares in any financial year made under an award under the DBP may not exceed 30 percent of the employee's base pay at the date of offer.

5. Termination of employment
If a participant ceases to be a director or an employee of a participating company for any reason other than as set out below, all unvested SARs will lapse and a participant will have no further entitlement under the LTIP and DBP.

5.1 Retrenchment, ill health, disability or any other circumstances which the company may consider appropriate
If a participant's employment with any company in the Group terminates before the release date due to redundancy, ill health or any other circumstances which the company

may consider appropriate, a pro-rata portion of the SARs granted to the participant may be exercised within three months (or such extended period as the committee regard as appropriate), a pro-rata portion of the LTIP and matching award will vest on the date of cessation of employment. The committee will take into consideration the extent to which the performance conditions have been satisfied and the proportion of the performance period that has expired to compute the portion of the award that vests.

5.2 Death

If a participant's employment with any company in the Group terminates by reason of death the executor of the estate may exercise his SARs within one year of death irrespective of the extent to which the SARs have vested or the satisfaction of any performance condition. A proportion of the LTIP grant and matching award grant vests on the date of death reflecting the number of whole months of the performance period which have still to run at the date of death.

5.3 Retirement

If a participant's employment with any company in the Group terminates by reason of retirement, the participant will continue to participate in the schemes under the same conditions had the participant still been employed by the company.

6. Settlement method

The primary intent of the new schemes will be to purchase shares in the market via a third party to settle the scheme benefits, so the schemes will not be as dilutive as the current share option scheme. The company will retain the right to issue new shares at its election to mitigate the risk of a spike in the share price which could expose the company to liquidity risk.

Notwithstanding the foregoing the committee may determine in its discretion that any participant shall be paid an equivalent amount in cash in lieu of any shares under the SARS and LTIP.

7. Reconstruction or takeover

In the event of a reconstruction or takeover of the company before the vesting date, the performance condition will be reviewed by the committee to determine the extent to which it has been satisfied up to the date of the reconstruction or takeover, to determine the number of SARs (under the SARS) and shares (under the LTIP) which will vest. In the case of the DBP the participant shall be entitled to receive the pledged shares and the matching award forthwith.

8. Variation in share capital

In the event of a rights issue, capitalisation issue or other event affecting the share capital of the company, before the vesting date, the committee may make such adjustment to the number of SARs (under the SARS) and shares (under the LTIP) comprised in the relevant grants, or the grant price of such SAR grants as it deems appropriate. The following provisions are relevant in the case of the DBP:

8.1 Pledged shares

The participant shall be entitled to give instructions to the trust as to the choice to be made in respect of pledged shares held by the trust on his behalf. The trust shall transfer to the participant any proceeds on the sale of rights, and any securities issued on the take up of rights, at the participant's request.

8.2 Matching awards

The committee may vary the amount of shares comprised in the matching award to take account of any variation in the share capital of the company, or a special or extraordinary distribution including a distribution in specie or a payment in terms of section 90 of the Companies Act (other than a dividend paid in the ordinary course of business out of distributable reserves) or other transaction which might adversely affect the value of shares, to ensure that the participant is not disadvantaged.

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 or broker 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 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 Friday, 22 April 2005. The completion of a proxy form will not preclude a member from attending the meeting.

By order of the board

S Davidson
Group Secretary

Amanzimnyama
Tongaat, KwaZulu-Natal

18 February 2005

The Tongaat-Hulett Group Limited

Registration Number: 1892/000610/06 JSE Code: TNT ISIN Number: ZAE 000007449

FORM OF PROXY FOR ANNUAL GENERAL MEETING

Note: All beneficial shareowners that 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/holders 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 Tuesday 26 April 2005 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:			
L Boyd			
B E Davison			
G R Hibbert			
M W King			
J B Magwaza			
M Serfontein			
Special Resolution number 1 authorising the repurchase of issued ordinary shares to a maximum of five percent in any year.			
Ordinary Resolution number 1 authorising directors to give effect to Special Resolution 1.			
Ordinary Resolution number 2 authorising the placing of unissued share capital under the control of directors to a maximum of ten percent of the issued share capital.			
Ordinary Resolution number 3 authorising directors to issue for cash unissued shares in terms of Ordinary Resolution No. 2.			
Ordinary Resolution number 4 approval of directors' fees.			
Ordinary Resolution number 5 approval of share schemes.			

Signed this ....day of ....2005 Signature ....

Completed Forms of Proxy must be received at the office of the company's transfer secretaries by not later than 09h00 on Friday, 22 April 2005.

South Africa: Computershare Investor Services 2004 (Pty) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107).

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

Notes:

1. A member's instructions to the proxy must be indicated in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy to vote or abstain from voting at the annual general meeting as he/she deems fit. A member may instruct the proxy to vote less than the total number of shares held by inserting the relevant number of shares in the appropriate box provided. A member who fails to do so will be deemed to have authorised the proxy to vote or abstain from voting, as the case may be, in respect of all the member's votes exercisable at the annual general meeting.

2. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity (e.g. for a company, close corporation, trust, pension fund, deceased estate, etc.) must be attached to this form of proxy unless previously recorded by the company's share registrar or waived by the chair of the annual general meeting.

3. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.

4. A minor must be assisted by the minor's parent or guardian unless the relevant documents establishing the minor's legal capacity are produced or have been registered by the share registrars of the company.

5. The chairman of the annual general meeting may accept any form of proxy which is completed other than in accordance with these notes if the chairman of the annual general meeting is satisfied as to the manner in which the member wishes to vote.

Designed and Produced by Paton Tupper

The Tongaat-Hulett Group Limited