STRIVING FOR

WORLD CLASS

SERVICE, QUALITY

AND COST

COMPETITIVENESS

1999

ANNUAL REPORT

for the financial year ended 31 December 1999

The Tongaat-Hulett Group Limited

THE PRIME OBJECTIVE OF THE GROUP IS TO SUSTAIN REAL GROWTH IN EARNINGS PER SHARE

In achieving the prime objective,
the Group is committed to:

Act with integrity, purpose
and responsibility to all stakeholders

Develop a dynamic enterprise
with a balanced and attractive portfolio
of operating businesses

Satisfy customer needs through
quality and service excellence

Invest in the development of its people,
recognising that they are the
Group's greatest source
of competitive advantage

Follow enlightened employment
practices leading to equal
opportunity for all employees

Perform responsibly in relation
to the physical and social environment

The Tongaat-Hulett Group Limited

Registration No. 1892/000610/06

GROUP PROFILE

The Tongaat-Hulett Group Limited is a South African registered company whose shares are listed on the Johannesburg and London stock exchanges.

It is the holding and operating company of a diversified group comprising six operating divisions:
sugar
starch & glucose
aluminium
property
building materials
textiles.

It has a turnover of R4,4 billion and productive capital employed of R4,0 billion.

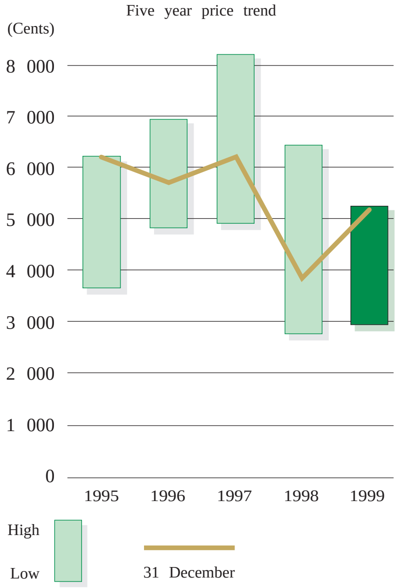
Additional information about the Group is available at our website: http://www.tongaat.co.za

CURRENCY CONVERSION GUIDE		
APPROXIMATE VALUES OF R1,00 AT:	31 DEC. 1999	31 DEC. 1998
US dollar	0,16	0,17
Pound sterling	0,10	0,10
German mark	0,32	0,28
Swiss franc	0,26	0,23
Zimbabwe dollar	6,05	6,33

CONTENTS

SHARE PRICE PERFORMANCE

Five year price trend



SHAREHOLDERS' DIARY

Financial year end		31 December
Annual general meeting		May
Reports and profit statements:		
Interim report		July
Profit announcement and final dividend declaration		March
Annual report		March
Dividends:		
Interim	Declared	July
	Paid	August
Final	Declared	March
	Paid	April

SHARE OWNERSHIP ANALYSIS

at 31 December 1999

Number of shareholders	Category	Shares held	% held
2 311	1 - 500 shares	342 437	0,34
903	501 - 2 500 shares	1 012 300	1,00
185	2 501 - 5 000 shares	624 648	0,62
94	5 001 - 10 000 shares	663 404	0,66
59	more than 10 000 shares	2 726 537	2,71
3 552	Individuals - total	5 369 326	5,33
5	Insurance & assurance companies	802 613	0,80
14	Pension & provident funds	1 304 160	1,29
167	Banks & nominee companies	40 412 317	40,10
187	Investment trusts & other companies	1 607 113	1,59
1	Anglo American plc group	51 281 348	50,89
3 926	Total	100 776 877	100,00
Other shareholdings over five percent:			
	Standard Bank Nominees (Tvl) (Pty) Limited	19 292 995	19,14
	CMB Nominees (Pty) Limited	5 515 245	5,47
	Nedcor Bank Nominees Limited	5 515 128	5,47

HIGHLIGHTS

Earnings before exceptional items	R584 million
Headline earnings	R489 million
Headline earnings per share	486,7 cents
Dividends per share	207,0 cents

Following the change in year end from 31 March to 31 December last year, pro forma results for the 12 months ended 31 December 1998, as reviewed by the auditors, have been provided for comparative purposes where appropriate.

COMPARATIVE HIGHLIGHTS

		12 months to 31 December 1999 Actual	12 months to 31 December 1998 Pro forma
Capital employed	(Rmillion)	5 641	5 276
Shareholders' funds	(Rmillion)	3 793	3 685
Market capitalisation	(Rmillion)	5 240	3 869
Revenue – continuing operations	(Rmillion)	4 399	4 392
Earnings – continuing operations	(Rmillion)	523	483
Total net earnings	(Rmillion)	313	512
Headline earnings	(Rmillion)	489	480
Headline earnings per share	(Cents)	486,7	483,8
Dividends per share	(Cents)	207,0	160,0*
Dividend cover	(Times)	2,4	2,7*
Return on capital employed	(%)	14,3	18,5
Return on shareholders' funds	(%)	13,1	13,4
Net debt to equity	(%)	14,7	7,3
Net asset value per share	(Cents)	3 764	3 667
Share price – 31 December	(Cents)	5 200	3 850
– high	(Cents)	5 220	6 450
– low	(Cents)	2 970	2 800
Shares – issued	(Million)	101	100
– weighted	(Million)	101	99
Number of shareholders		3 926	4 395
Permanent employees – at year end		12 244	10 618

* Actual for nine months to 31 December 1998 based on results for that period.

GROUP ACTIVITIES

Tongaat-Hulett Sugar Limited

African Products (Pty) Limited

Hulett Aluminium (Pty) Limited (50%)

SUGAR DIVISION

Tongaat-Hulett Sugar owns and operates five mills, a central refinery and extensive sugar cane estates in South Africa. It also has various sugar milling and cane growing interests in neighbouring states. It produces raw, refined and speciality sugars for local and export markets, non-caloric sweeteners and animal feeds. Its main products under the Huletts label include refined white, castor, icing, cube, rainbow sugar crystals, treacle, caramel and yellow sugars.

KEY STATISTICS

Rmillion	Actual 1999
Revenue	2 099
Earnings before interest	302
Contribution (NOPAT)	205
Capital employed	1 545
Number of employees	7 578

STARCH & GLUCOSE DIVISION

African Products is a wet-miller of maize with mills at Kliprivier, Germiston and Meyerton in Gauteng and Bellville in the Western Cape. Products include modified and unmodified starches, glucose, maltose and dextrose syrups, glucose powders, caramel colour, maize germ, high-protein gluten meal, gluten feed and corn steep liquor.

KEY STATISTICS

Rmillion	Actual 1999
Revenue	847
Earnings before interest	95
Contribution (NOPAT)	67
Capital employed	1 270
Number of employees	774

ALUMINIUM DIVISION

Hulett Aluminium manufactures a wide range of rolled and extruded, semi-fabricated and finished aluminium products for local and export markets. Its products include foil, can stock, circles for cookware, flat sheet, building sheet, architectural and general extrusions. The business is based in Pietermaritzburg where its rolled products operation is being expanded.

KEY STATISTICS*

Rmillion	Actual 1999
Revenue	1 304
Earnings before interest	90
Contribution (NOPAT)	74
Capital employed	3 976
Number of employees	1 904

* The Group's proportionate share is 50 percent of the above numbers.

The Tongaat-Hulett Group Limited

Moreland Estates (Pty) Limited

Corobrik (Pty) Limited

Tongaat Textiles (Pty) Limited

PROPERTY DIVISION

Moreland's land development activities cover all market sectors principally in the northern Durban metropolitan area. Commercial projects include La Lucia Ridge Office Estate and Umhlanga Ridge New Town Centre. Residential and resort projects include Mount Edgecombe Country Club Estate, Zimbali, La Lucia Ridge, Broadlands and Somerset Park. It has industrial park developments at Briardene, Mount Edgecombe, Canelands and Empangeni.

KEY STATISTICS

Rmillion	**Actual 1999**
Revenue	33
Earnings before interest	(6)
Contribution (NOPAT)	(5)
Capital employed	252
Number of employees	52

BUILDING MATERIALS DIVISION

Corobrik has 14 factories throughout South Africa manufacturing a comprehensive range of clay face bricks in many colours and textures. It also distributes and markets clay bricks for other manufacturers. Its product range includes clay paving and plaster bricks, clay roof tiles, quarry tiles, glazed ceramic tiles and concrete bricks, blocks and pavers. These products are marketed nationally to the building industry and to retail customers through Brick 'n Tile Centres.

KEY STATISTICS

Rmillion	**Actual 1999**
Revenue	413
Earnings before interest	17
Contribution (NOPAT)	17
Capital employed	150
Number of employees	1 578

TEXTILES DIVISION

Tongaat Textiles produces a wide range of cotton, polyester/cotton and viscose fabrics for high quality furnishings, fashion apparel, protective clothing and industrial applications. Product options include plain dyes, prints and yarn dyes and jacquard weaves. An extensive range of co-ordinated bedlinen and ready-made curtains is also produced for the domestic, export and contract sectors.

KEY STATISTICS

Rmillion	**Actual 1999**
Revenue	355
Earnings before interest	13
Contribution (NOPAT)	10
Capital employed	122
Number of employees	1 123

DIRECTORATE

CHAIRMAN

C J Saunders (70)
Appointed director 1955
and chairman 1963

EXECUTIVE DIRECTORS

C M L Savage (61)
Chief Executive
Employed 1977,
Appointed director 1981
and chief executive 1991

D G Aitken (57)
Group Financial Manager
Employed 1969,
Appointed director 1996

B G Dunlop (46)
Managing Director
Sugar Division
Employed 1980,
Appointed director 1997

E S C Garner (60)
Group Financial Director
Employed 1967,
Appointed director 1978

G R Hibbert (53)
Managing Director
Property Division
Employed 1972,
Appointed director 1998

G P N Kruger (42)
Managing Director
Starch & Glucose Division
Employed 1982,
Appointed director 1997

J B Magwaza (57)
Chairman
Building Materials Division
Employed 1975,
Appointed director 1994

S J Saunders (40)
Chairman
Sugar and Textiles Divisions
Employed 1986,
Appointed director 1991

M Serfontein (47)
Group Human Resources Director
Employed 1983,
Appointed director 1996

P H Staude (46)
Managing Director
Aluminium Division
Employed 1978,
Appointed director 1997

NON-EXECUTIVE DIRECTORS

R S R Armstrong (69)
Sugar Cane Farmer
Appointed director 1958

L Boyd (63)
Executive Vice Chairman
Anglo American plc and Deputy Chairman, Anglo American Corporation of South Africa Limited
Appointed director l989

E le R Bradley (61)
Executive Chairman
Wesco Investments Limited
Appointed director l987

E K Diack (42)
Executive Vice President: Finance
Anglo Ferrous Metals and Anglo Industries
Appointed director 1997

M W King (62)
Executive Vice Chairman
Anglo American plc, Deputy Chairman, Anglo American Corporation of South Africa Limited and Executive Chairman, Finance Division
Appointed director 1980

M Mia (52)
Chief Executive Officer
Fasic Investment Corporation Limited
Appointed director 1996

W L Nkuhlu (56)
Chairman
Development Bank of Southern Africa and Midland Economic Equity Group Limited
Appointed director 1995

G R Pardoe (43)
Executive Director: Finance
Anglo American Corporation of South Africa Limited
Appointed director 1995

R H J Stevens (59)
Director of Companies
Appointed director 1977

A J Trahar (50)
Executive Director
Anglo American plc and Anglo American Corporation of South Africa Limited
Appointed director 1992

ALTERNATE DIRECTORS

P C du Trevou (42)
Managing Director
Building Materials Division
Employed 1984,
Appointed alternate 1997

D B Pfaff (35)
Senior Vice President
Anglo Ferrous Metals and Anglo Industries
Appointed alternate 1999

J D Ralph (60)
Group Strategic Planning Director
Employed 1961,
Appointed alternate 1997

T D Rye (53) (British)
Managing Director
Textiles Division
Employed 1985,
Appointed alternate 1997

C W P Yates (61) (British)
Executive Vice President: Corporate Finance, Anglo American Operations Limited and Alternate Director, Anglo American Corporation of South Africa Limited
Appointed alternate 1984

CORPORATE INFORMATION

GROUP SECRETARY

M A Kennedy (58)
Employed 1973,
Appointed group secretary 1995

BUSINESS AND POSTAL ADDRESS

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

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

BANKERS

First National Bank
of Southern Africa Limited
Nedcor Bank Limited
The Standard Bank
of South Africa Limited

AUDITORS

Deloitte & Touche

ATTORNEYS

Cox Yeats
Deneys Reitz
Garlicke & Bousfield
Shepstone & Wylie

TRANSFER SECRETARIES

South Africa:
Computershare Services Limited
P O Box 61051
Marshalltown 2107

United Kingdom:
Independent Registrars Group
Bourne House
34 Beckenham Road
Kent BR3 4TU

EXECUTIVE COMMITTEE OF THE BOARD

Standing left to right: M Serfontein, B G Dunlop, S J Saunders, G P N Kruger, G R Hibbert, J D Ralph.
Seated left to right: J B Magwaza, D G Aitken, C J Saunders, C M L Savage, E S C Garner, E K Diack, P H Staude.

C J Saunders

The twelve months to 31 December 1999 presented many tough challenges to South African companies but I am pleased to report that the Group's six divisions were well prepared for a difficult year and operational earnings from continuing operations of R523 million were eight percent higher than those of the comparable period for 1998.

While the rate of earnings growth is lower than in previous years, it must be understood that the Group is moving out of a period of intensive capital investment and capacity building into one in which it will increasingly assert itself as a world-class player and reap the rewards of marketing South African products globally. With the combination of world competitive production costs and the latest technology in its main exporting divisions and extensive restructuring and upgrading in the smaller divisions, the Group has reached the climax of a significant programme to compete in world markets in the 21st century.

Headline earnings for 1999 inclusive of the R51 million tax rate adjustment totalled R489 million (486,7 cents per share), marginally ahead of the pro forma earnings for the previous twelve months. A final dividend of 145 cents has been declared, making a total of 207 cents per share for the year compared to the single dividend of 160 cents per share paid for the nine months to 31 December 1998.

The Group, like so many other South African companies, has felt the impact of, among other things, a weak domestic economy and severe competition in international markets. However, we have viewed these as opportunities rather than threats, and the Group has benefited enormously as a result of the positive strategic approach we have adopted.

South Africa is learning, sometimes the hard way, the disciplines and requirements brought about by globalisation and the necessity to integrate our country and the region of Southern Africa fully into the world economy. Globalisation is a fact of life – it is part of the hype of the new millennium and cannot be ignored. We in South Africa must recognise the bounty which global integration offers, as well as the risks and rough justice that are part of its long ride into the years that lie ahead.

To make the most of the opportunities of globalisation, we must encourage partnerships between government and business, between technology and entrepreneurship and between South Africa and the rest of the world. Investors must stress to government the importance of competition over protectionism and transparency over corrupt practices. It is crucial to recognise that good economic and political governance has become essential if the developing countries want to make sure that they reap the full benefit of global and regional integration.

The politics of the future will demand greater engagement and leaders will have to manage the higher expectations of their people and improve elements of service in government as well as enhancing the capacity of the people to cope with change. It is imperative for Southern Africa to adopt a regional approach in order to further development and co-operation which is so necessary in trade, particularly with the advent of the new round of global liberalisation talks.

There is a tendency in South Africa to blame one's predicament primarily on someone or something else, to excuse non-performance by attempting to divert attention to external factors or on account of events belonging to the past. This trend is also evident in the corporate context where it carries the very real danger that non-performance will become the norm. If the South African economy is to pull itself fully out of the trough in which it has languished, to capitalise on the downtrend in interest rates, the improvements in business confidence and other positive forces which have emerged since the second democratic elections, then businesses large and small, formal and informal, must guard against allowing a culture of non-performance to develop. Businessmen at all levels need to accept full responsibility for their areas of influence and to seek out alternatives; they must talk solutions, not problems. Successful companies will be measured by what they have done to embrace external challenges.

South Africa has made significant new strides down the road of transformation, which should enhance the potential for both domestic and foreign investment leading to sound economic growth. Considering the rapid pace of transformation thus far, it is impressive that so much has been achieved. The process is not without its problems, and more obstacles can be expected in the years ahead. Expressed in simpler terms the greatest progress will be made when South Africans from all walks of life accept a common purpose and work towards constructively solving their problems.

In his recent State of the Nation address at the opening of Parliament, President Mbeki expressed a similar view when he noted the importance of South Africans working together to achieve high and sustained rates of economic growth in order to eliminate poverty. As an example of government's role in the public-private partnership which underpins economic development, the President announced the formation of the International Investment Council. This is a diverse group of global business leaders whose widespread experience and objective input will, I believe, add a significant dimension to efforts to attract further investment in our economy. At the same time, these leaders' willingness to serve on the International Investment Council is a profound and welcome statement of support for the South African economy, and our President's view that more vigorous economic growth is achievable in the years that lie ahead.

The President is to be congratulated on his far-reaching address which also pledged the commitment of the government to social and economic fundamentals, a statement which promises to foster greater confidence in our country and underpin its further development.

The Group is fully committed to the cause of nation-building and will continue to support the processes of economic empowerment and social upliftment, not only as an expression of its confidence in the future of South Africa, but also as an acknowledgement of its responsibilities as a major employer.

On a personal note, I extend warmest wishes to Cedric Savage who, as announced in December 1999, assumes the position of executive chairman from 19 May 2000, when I am due to retire. Cedric Savage has played a pivotal and distinguished role in the reshaping of the Group, particularly over the past decade. I have every confidence in his ability to spearhead the next phase of its development. With effect from the coming annual general meeting, Ted Garner retires as group financial director, having reached retirement age. He will remain a non-executive director of the Group. Doug Aitken, group financial manager, becomes group financial director.

In conclusion, I wish to pay tribute to the many people I have been privileged to work with since my first appointment as a director, some 45 years ago. The shape and scale of the Group has changed considerably in that time, but it has always been led by an impressive team of top business and professional people. During the last two years I have enjoyed the role of non-executive chairman and I would like to express my sincere appreciation to Cedric Savage and his excellent executive team, and also to all employees for their loyalty, efficiency and dedication to duty during the past year. I am confident that I am leaving the Group in good hands.

C J Saunders
Chairman
Amanzimnyama, Tongaat, KwaZulu-Natal
8 March 2000


C M L Savage

CHIEF EXECUTIVE'S REVIEW

During the year ended 31 December 1999, the Group continued to move through a phase of major capital investment and implementation and is now facing the challenge of delivering production, sales and financial results commensurate with its expanded asset base.

Over the past three years, the Group has doubled its capital employed through investment to almost R6 billion in a determined effort to achieve global competitiveness within its chosen industries. This expresses its confidence in the industries in which it operates and in the long term future of South Africa. Major investments have been made in the sugar, starch & glucose and aluminium divisions and significant increases in production capacity have been added. All three divisions are implementing strategies to improve business performance through enhanced quality and service. The success of this approach is already evident in the achievement of various production and sales records and better operating performances.

Following the change in year end from 31 March to 31 December last year, pro forma results for the 12 months ended 31 December 1998 have been used for comparative purposes.

Turnover from continuing operations was similar to that of last year at R4,4 billion, but profit before interest and tax from continuing operations was higher at R523 million (R483 million) reflecting improved operating margins. The sharp reduction in net interest received, due to increased financing costs following the installation and commissioning of the starch & glucose division's Kliprivier mill, resulted in a decline in earnings before tax and exceptional items to R584 million (R665 million).

Total net earnings, inclusive of the R51 million non-recurring tax rate change benefit and after the impairment provision of R130 million, amounted to R313 million compared to R512 million last year. Earnings before exceptional items, however, increased to R489 million (R480 million) which translate into headline earnings per share of 486,7 cents (483,8 cents).

Total dividends for the year, which are covered 2,4 times, amount to 207 cents per share compared to the single dividend of 160 cents paid for the nine months to 31 December 1998.

In terms of the Statement of Generally Accepted Accounting Practice (AC 128) the directors have made a provision of R130 million against the impairment of the book value of certain assets in the building materials and textiles divisions.

The Group's balance sheet is strong, with shareholders' equity increasing to R3,8 billion and capital employed to R5,6 billion. Total cash resources after capital expenditure of R500 million amount to R810 million. It is this financial strength which will enable the Group to fund the proposed acquisition of Transvaal Sugar Limited (TSB).

The sugar division's contribution improved from R171 million to R205 million. The division has recently enhanced its regional influence through investments in cane growing and sugar milling in Mozambique, where it has a 75 percent shareholding in the Mafambisse operation and a 49 percent interest in Xinavane. The division exported about 50 percent of its South African sugar production – which totalled 836 000 tons – through the South African Sugar Association. Unfortunately, the world sugar price has been at a 20 year low, and in order to protect margins the division has continued with various productivity improvement programmes to reduce unit costs in real terms.

The recent heavy rains and extensive flooding which have caused widespread hardship in many parts of Southern Africa have not impacted materially on the Group's sugar operations. In KwaZulu-Natal and Swaziland the rains should benefit the crop and in Zimbabwe, the strong inflows into that country's dams will secure water reserves for many years into the future. In Mozambique, where flooding has been particularly severe, the Group has helped to provide shelter for many of the homeless and is assisting where possible with other relief initiatives. Some of the Group's cane fields were flooded but this should have only a limited impact on future production.

Subsequent to the financial year end the Group announced that it was negotiating the purchase of TSB from Hunt Leuchars & Hepburn Holdings Limited. These negotiations are continuing and if successfully concluded, the purchase consideration will be settled in cash. TSB has two sugar mills producing about 450 000 tons of sugar of which 250 000 tons is refined sugar produced for the local market under the Selati brand. In addition, it has 8 000 hectares of irrigated land under sugar cane producing some 850 000 tons of cane and a further 1 500 hectares producing citrus. This acquisition will enhance the sugar division's strategic objective of being the lowest cost sugar miller in Southern Africa while improving the geographical and climatic spread of its sugar production base.

The starch & glucose division experienced a challenging year and its contribution to Group earnings declined from R69 million to R67 million. The Kliprivier mill, commissioned in August 1998, is performing to specification. Its economies of scale have positioned it as one of the lowest-cost producers in the world. Export volumes and margins have been negatively affected by the aftermath of the Asian crisis as well as heavily subsidised exports from some European producers.

The aluminium division performed well and was able to maintain its contribution to Group earnings at R37 million. With major elements of its rolled products expansion project in start-up phase, full commissioning of the new project is expected to take place in the second half of 2000. Production is increasing in line with projections and the division is on track to reach capacity of 180 000 tons a year towards the end of 2003. More than 60 percent of this will be exported.

The particularly difficult trading environment which depressed property development resulted in the property division recording a loss of R5 million (contribution R10 million). The contribution from the building materials division improved to R17 million (R8 million) while the textiles division contributed R10 million (nil). These divisions have suffered from the effects of the domestic economic slowdown and have been forced to reduce output and staffing in order to maintain profitability and are currently being managed for cash generation. Recent declines in interest rates, if sustained, will improve prospects for these divisions.

In support of its new investments, management has embarked on commensurate training and development programmes to ensure that the Group has the resources to sustain an internationally competitive position. Some 4 000 employees have received training over the past year. Allied to this, the ongoing black economic empowerment programme and employment equity strategy are designed to ensure that the Group meets all its self-imposed targets in this regard.

Continued focus on cost reduction and a higher sugar crop will help to counter the effects of the low world sugar price. Major investments in production capacity expansion in the starch & glucose and aluminium divisions, together with the improved outlook for the global economy will provide new opportunities and impetus for sales growth.

The Group is projecting strong growth in turnover and operating profits in the year ahead. Increased financing and commissioning costs of major projects will however, offset the increase in operational earnings, while the R51 million tax rate change benefit of 1999 will not be repeated. Headline earnings per share for the year 2000 are anticipated to be similar to that of 1999.

On a more personal note, I wish to thank my colleague and friend Chris Saunders for his guidance and support over many years. While I look forward to my role as executive chairman I know that I shall miss his presence. As chairman he has played an important part in the affairs of the Tongaat-Hulett Group and his clear thinking and direction have earned the widespread respect of business associates both domestically and internationally. His long tenure in the chair is both a significant achievement and an indication of his great abilities. As he prepares to step down from the chairmanship I offer him, on behalf of my fellow executives, grateful thanks for his enormous contribution and our sincerest good wishes for a long and happy retirement.

I would also like to pay tribute to Ted Garner, who retires as group financial director at the forthcoming annual general meeting and to thank him for the material contribution he has made over the many years to the affairs of the Group. I am pleased that he will be remaining on the board in a non-executive capacity.

In conclusion, I would also like to thank my fellow directors and our dedicated employees for their contribution, loyalty and support in assisting me with the challenging role as chief executive.

C M L Savage
Chief Executive

Amanzimnyama
Tongaat, KwaZulu-Natal

8 March 2000

C J Saunders and C M L Savage

FIVE YEAR REVIEW

Financial Statistics	31 December 1999 12 months Actual	31 December 1998 12 months Pro forma	31 March 1998 12 months Actual	31 March 1997 12 months Actual	31 March 1996 12 months Actual
TRADING RESULTS (Rmillion)					
Revenue	4 399	4 554	4 824	4 697	4 125
Earnings from operations	523	501	597	543	435
Net interest received	61	164	173	98	20
Exceptional items	(189)	14	29	95	27
Earnings before taxation	395	679	799	736	482
Taxation	(71)	(168)	(210)	(187)	(85)
Share of associate company's loss	(11)				
Minority shareholders		1		(2)	
Total net earnings	313	512	589	547	397
Headline earnings	489	480	545	450	326
SOURCE OF CAPITAL (Rmillion)					
Shareholders' funds	3 793	3 685	3 448	2 919	2 327
Minority interests in subsidiaries	19	13	21	3	2
Deferred taxation	402	360	238	132	121
Borrowings	1 427	1 218	1 143	708	87
Total capital employed	5 641	5 276	4 850	3 762	2 537
EMPLOYMENT OF CAPITAL (Rmillion)					
Property, plant, equipment and investments	2 398	2 221	1 339	1 374	1 451
Capital work in progress	1 611	1 303	1 550	737	69
Inventories and receivables	2 070	2 268	1 707	1 449	1 179
Cash resources and deposits	810	924	1 443	1 376	823
Total assets	6 889	6 716	6 039	4 936	3 522
Interest-free liabilities	1 248	1 440	1 189	1 174	985
	5 641	5 276	4 850	3 762	2 537

Ratios and Statistics

EARNINGS					
Headline earnings per share – (cents)	486,7	483,8	560,1	472,3	350,4
Dividends per share – (cents)	207,0	160,0*	207,0	175,0	130,0
Dividend cover – (times)	2,4	2,7*	2,7	2,7	2,7
PROFITABILITY					
Operating margin	11,9%	11,0%	12,4%	11,6%	10,5%
Pre-tax return on capital employed	14,3%	18,5%	24,4%	23,4%	19,9%
Return on shareholders' funds	13,1%	13,4%	17,1%	17,2%	15,4%
FINANCE					
Net debt to equity	14,7%	7,3%	–	–	–
Current ratio	2,03	2,06	2,43	1,97	1,90
Liquidity ratio	1,40	1,55	1,80	1,52	1,41
SHARES					
Shares in issue – (millions) – issued	101	100	98	96	94
– weighted	101	99	97	95	93
Net asset value per share – (cents)	3 764	3 667	3 505	3 032	2 478
Share price – (cents) – balance sheet date	5 200	3 850	4 850	7 000	5 875
– high	5 220	6 450	8 200	7 600	6 900
– low	2 970	2 800	4 350	4 800	4 050
Annual volume of shares traded – (millions)	35	30	16	13	8
PERMANENT EMPLOYEES – at year end	12 244	10 618	11 998	14 278	15 433

* Actual for nine months to 31 December 1998 based on results for that period.

DEFINITIONS

HEADLINE EARNINGS
Total net earnings excluding exceptional items.

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

EARNINGS BEFORE INTEREST
Earnings from operations.

DIVISIONAL CONTRIBUTION (NOPAT)
Earnings from divisional operations and associates after taxation, before net interest and exceptional items.

OPERATING MARGIN
Earnings before interest expressed as a percentage of revenue.

PRE-TAX RETURN ON CAPITAL EMPLOYED
Earnings from operations and associates plus net interest received expressed as a percentage of average total capital employed, excluding capital work in progress.

RETURN ON SHAREHOLDERS' FUNDS
Headline earnings expressed as a percentage of average shareholders' funds.

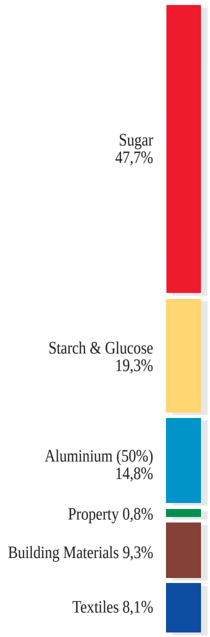
NET DEBT TO EQUITY
Borrowings less cash resources divided by total shareholders' funds plus deferred taxation.

CURRENT RATIO
Current assets divided by interest-free liabilities plus short-term borrowings.

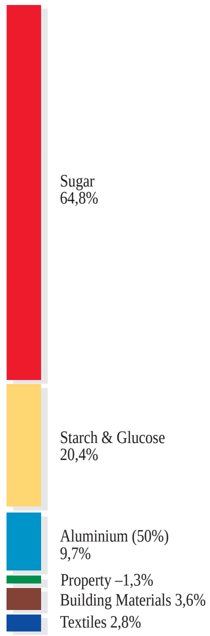
LIQUIDITY RATIO
Current assets, excluding inventories, divided by interest-free liabilities plus short-term borrowings.

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

TOTAL CAPITAL EMPLOYED
Shareholders' funds, long and short-term borrowings, minority interests and deferred taxation.

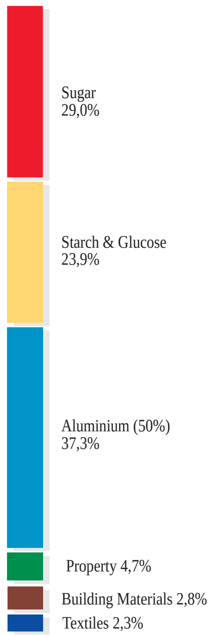


DIVISIONAL REVENUE 1999



DIVISIONAL EARNINGS BEFORE INTEREST 1999

DIVISIONAL NOPAT 1999

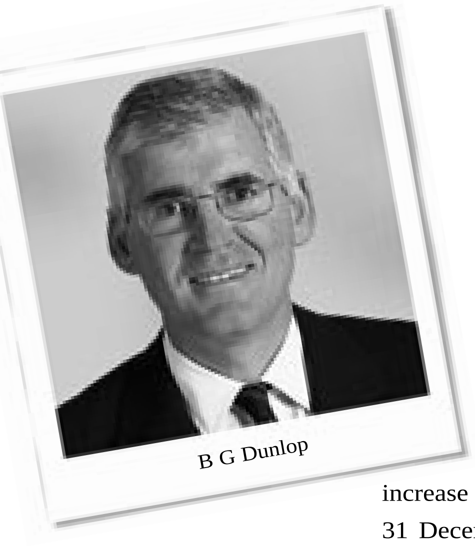


DIVISIONAL CAPITAL EMPLOYED 1999

SEGMENTAL ANALYSIS

Rmillion	Revenue Actual 1999	Revenue Pro forma 1998	Earnings before interest Actual 1999	Earnings before interest Pro forma 1998
Sugar	2 099	2 137	302	263
Starch & glucose	847	785	95	106
Aluminium (50%)	652	611	45	45
Property	33	96	(6)	16
Building materials	413	435	17	11
Textiles	355	328	13	(1)
Divisional total	4 399	4 392	466	440
Triangle			51	44
Group administration			6	(1)
Divested operations		162		18
Group total	4 399	4 554	523	501

Rmillion	Contribution to headline earnings (NOPAT) Actual 1999	Contribution to headline earnings (NOPAT) Pro forma 1998	Capital employed 1999	Capital employed 1998
Sugar	205	171	1 545	1 375
Starch & glucose	67	69	1 270	1 204
Aluminium (50%)	37	37	1 988	1 513
Property	(5)	10	252	254
Building materials	17	8	150	283
Textiles	10		122	165
Divisional total	331	295	5 327	4 794
Triangle	51	44		
External interest and group administration	56	130	314	482
Tax rate change adjustment	51			
Divested operations		11		
Group total	489	480	5 641	5 276



B G Dunlop

SUGAR DIVISION Tongaat-Hulett Sugar Limited

Directors:

S J Saunders (Chairman), B G Dunlop (Managing Director),

R S R Armstrong, S J M Cleasby, J M Clelland, E S C Garner, D F M Gass, J P Hughes, G P N Kruger, M M Kumalo, P D McKerchar, P A Prince, M R D Robert, C M L Savage, P H Staude, P T Varty.

DIVISIONAL REVIEW

Improvements in cane quality, higher mill efficiencies, a growing income stream from cross-border investments and a concerted effort to reduce costs enabled the division to increase its contribution to Group earnings by 20 percent to R205 million in the 12 months to 31 December 1999. This was against a background of lower sugar production and lower world market prices.

The five South African mills crushed a total of 7,2 million tons of cane to produce 836 000 tons of sugar, compared to 918 000 tons in the previous season. The quality of cane delivered to the division's mills improved as a result of the continuation of the incentive scheme for cane-growers. The better cane quality together with internal programmes to encourage productivity contributed to greater mill efficiency. This was highlighted when the Amatikulu mill achieved 100 percent mechanical efficiency for five consecutive weeks, setting an industry record.

Approximately half of the division's South African sugar production is exported through the South African Sugar Association. The balance is marketed domestically to industrial users and retailers where the Huletts brand again enjoyed strong consumer support and was highly rated in a nationwide branding survey.

During the year, the division further consolidated its position as a key player in the Southern African sugar industry with the acquisition of a 75 percent shareholding in the Mafambisse mill and estate in Mozambique, which it had been managing on behalf of the Mozambique government for the past three years. This follows the acquisition of an effective 49 percent shareholding in the Xinavane mill and estate and an option to acquire up to a further 11 percent. Sugar production at the two Mozambique mills totalled 45 000 tons in the 1999 season. With rehabilitation under way at both mills and estates, production is expected to increase to 180 000 tons by 2003.

Tambankulu Estates, in Swaziland, continued to increase its contribution to divisional profits, following an excellent season which produced 354 000 tons of cane, yielding the equivalent of 43 000 tons of sugar.

The financial performance of the division was enhanced by contributions from its sugar trading and regional packing operations as well as the animal feeds and artificial sweetener blending businesses.

PROSPECTS

The heavy rains in all the cane-growing areas supplying the division's mills and the strong inflow into all irrigation dams will provide good prospects for the crop in the 2000 season. Sugar production from the five mills in South Africa should exceed 900 000 tons. Despite the recent floods in Mozambique, production is estimated at 51 000 tons whereas in Swaziland, the equivalent of 44 000 tons is expected from cane grown there. The proposed acquisition of TSB will provide a further 450 000 tons of sugar. This, together with synergies that are expected to flow from the acquisition, will enhance the division's position as a low-cost producer and will provide a solid platform for growth in a low-cost sugar producing region in South Africa.

Continued focus on cost reduction in all aspects of the business will help to ensure that Tongaat-Hulett Sugar remains amongst the lowest-cost producers in the region. This will help to offset continuing tight margins, particularly on exports, as a result of the low world sugar price.

KEY STATISTICS

Rmillion	Actual 1999	Pro forma 1998
Revenue	2 099	2 137
Earnings before interest	302	263
Contribution (NOPAT)	205	171
Capital employed	1 545	1 375
Number of employees	7 578*	4 714

* Increase due to subsidiaries and associates acquired.

A consignment of high-quality refined sugar ready for shipment.

G P N Kruger

STARCH & GLUCOSE DIVISION African Products (Pty) Limited

Directors:

E S C Garner (Chairman),
G P N Kruger (Managing Director),

A J Brady,
B G Dunlop,
W J Hazewindus,
P J Henning,
S J Krook,
D F Marais,
M N Mohale,
M H Munro,
N N G Naidoo,
A T Potgieter,
S J Saunders,
C M L Savage,
P H Staude,
R H J Stevens,
R S Thorsen.

Alternate:
J W Sanetra.

DIVISIONAL REVIEW

The division experienced a challenging year, with the trading environment both domestically and internationally being very tight. In addition, the full impact of financing and operational costs of the new Kliprivier mill were absorbed during the year. The effects of the late maize season drought in February/March 1999 significantly increased the cost of maize and, combined with low world prices for co-products, had an adverse impact on margins.

Demand for starch & glucose varied in the major sectors of the domestic market, with the brewing sector showing marginal growth while paper-making and corrugating were strongly up from the previous year's levels. Confectionery demand was in line with that of the previous year. The general foods and spray drying sectors, which have suffered a significant increase in competition from imported finished goods, showed reduced volumes. Overall, however, the division achieved growth in domestic volumes as a result of new business development and stronger volume performance in most sectors during the final quarter of the year.

Exports were disappointing with low international prices for agricultural commodities in general and for starch in particular. During the year the division reduced its commodity export tonnage and focused on higher-value products together with diversifying its marketing efforts to new territories, particularly in Africa and Australasia.

The expansion of the dextrose monohydrate plant at Germiston was successfully completed and it is running at capacity. The new spray tower at Germiston was also successfully commissioned. The strategy to use Meyerton as a speciality plant was continued, with significant success in the areas of dextrin and oxidised starches.

The issue of genetically modified (GM) maize is being actively addressed, and the division has established systems to ensure that it can meet customer requirements relating to the disclosure of the GM status of products.

PROSPECTS

The division has continued with its policy of securing the bulk of its maize during the planting season at competitive prices. The improved agricultural conditions experienced during the maize planting season should enable the division to remain competitive against imported products, provided the growing season is normal.

Growth in the domestic market is expected to be better than the year under review, due to the expectation of improved growth in the domestic economy, and a number of new opportunities which are being actively pursued. With the additional capacity from the Kliprivier mill, the division has the capacity to grind an additional 400 000 tons of maize per annum, which provides the ability to take advantage of opportunities for growth.

On the export markets further efforts to boost sales of speciality products together with new market development are expected to improve export contributions.

KEY STATISTICS

Rmillion	Actual 1999	Pro forma 1998
Revenue	847	785
Earnings before interest	95	106
Contribution (NOPAT)	67	69
Capital employed	1 270	1 204
Number of employees	774	816

Bulk starch delivery for use in cartonboard production.

P H Staude

ALUMINIUM DIVISION Hulett Aluminium (Pty) Limited

Directors:

C M L Savage
(Chairman),
P H Staude
(Managing Director),

E K Diack,
A Fourie,
C A P Galego,
E S C Garner,
T E Jones,
L W J Matlhape,
D H Webster.

Alternates:
F B Bradford,
W F E Bragg,
A Harris,
C J Little,
T K Mshengu,
M H Munro,
S J Saunders,
D F Timmerman.

DIVISIONAL REVIEW

The main focus of attention at Hulett Aluminium in recent years has been the expansion of the rolled products operation. The project is presently in a start-up phase with new equipment being integrated with existing plant. It was expected that this phase of the project would be difficult and measures were adopted to ensure optimum performance during this period. Progress has been good and the division achieved increased sales during the year while operating earnings approximated prior year levels, notwithstanding the sale of the conductor and wire business.

Exports increased throughout the year reflecting an overall increase of 25 percent and providing a solid platform for further growth. The export strategy is shifting towards more complex and higher value added products for niche markets with the growth thus far arising mainly in bright treadplate, can end stock and thin gauge foil. These products generally have slower throughput rates but are considerably more profitable.

Hulett-Hydro Extrusions' turnover reduced as a consequence of withdrawal from certain export markets which had become unattractive, coupled with weak local demand. The business continued its restructuring programme which included the sale of the conductor and wire business during the year and has achieved considerable improvement in quality, throughput and service levels. The financial performance also continues to improve.

The rolled products expansion project is proceeding well with significant progress being achieved during the year on the hot mill and the coil coating line. There is still much to be done in these areas to develop appropriate process technology for the full range of products but the initial performance is encouraging. As regards the construction phase of the project, the major remaining item is the recycling plant which will be completed on schedule. There are various items of finishing equipment being installed while certain of the existing facilities are also still to be upgraded. The exceptional safety performance and industrial relations climate has continued and management remain confident that the project will be completed within the original budget cost. Full commissioning is expected to take place during the latter half of the year.

Intensive market, product and process technology development exercises are in progress for those market opportunities which have been identified and further benefits in terms of increased sales will materialise in 2000.

The development of exports by downstream customers remains a high priority and an important development in this regard has been the decision by First Graphics to proceed with a significant investment in a coil-fed line for the manufacturing of lithographic printing plate both for domestic and international markets.

KEY STATISTICS*

Rmillion	Actual 1999	Pro forma 1998
Revenue	1 304	1 222
Earnings before interest	90	90
Contribution (NOPAT)	74	74
Capital employed	3 976	3 027
Number of employees	1 904	2 071

* The Group's proportionate share is 50 percent of the above numbers.

PROSPECTS

The business is well positioned to capitalise on its investment. Emphasis is shifting towards the improvement of recoveries and contact efficiencies which will result in a substantial increase in throughput in the year ahead. Many economies are recovering from the recent emerging markets crisis and there is an outlook of increased global demand for aluminium. Domestic demand is also expected to show further improvement and the business is budgeting for a significant increase in sales and earnings in the year ahead.

Hulett Aluminium's new R800 million hot line which is now in start-up phase, has the highest level of automation including artificial intelligence applications in the programming of process control software.

G R Hibbert

PROPERTY DIVISION Moreland Estates (Pty) Limited

Directors:

E S C Garner
(Chairman),
G R Hibbert
(Managing Director),

D G Aitken,
C P Brink,
B G Dunlop,
K J Forbes,
D T Jollands,
J B Magwaza,
C J Saunders,
S J Saunders,
C M L Savage.

Alternates:
I P Hunter,
N N G Naidoo,
J P Thessal.

DIVISIONAL REVIEW

Moreland's results for the year to 31 December 1999 were disappointing as a consequence of the sharp decline in demand which took the South African property development sector to its lowest level of activity in 30 years. This once again highlights the sensitivity of new investment to high real interest rates.

The division responded by restructuring and rightsizing to facilitate the further outsourcing of non-core functions. This allowed the division to reduce overheads and manage cash to minimise outflows while still fulfilling its commitment to service, for example, the site of Old Mutual's R1,4 billion Gateway shopping and entertainment centre, under construction at Umhlanga Ridge.

Development of the Gateway site stimulated firm inquiries for business park and other commercial developments in the surrounding Umhlanga Ridge New Town Centre. The La Lucia Ridge Office Estate, Durban's preferred decentralised office node, is to be extended in line with market demand. The industrial market remained dormant, mirroring the manufacturing sector of the national economy.

A major disappointment has been the further delay in the award of casino licences in KwaZulu-Natal, to unlock Moreland's land sale to Afrisun KZN. In turn this would permit the R900 million casino/theme park project to go ahead, stimulate a new tourism node at Umdloti, encourage further development north of Durban and create much-needed local jobs and fiscal revenue.

Despite low sales, the tempo of building on land sold in prior years by purchasers was firm, with the construction of more than 100 houses, largely at Zimbali and Mount Edgecombe Country Club Estates, and several office buildings in the La Lucia Ridge and Mount Edgecombe Office Estates. An encouraging uptrend in inquiries for residential and commercial land became apparent towards the end of the year as some confidence returned with the lowering of interest rates and the expectation of reasonable economic growth in the year ahead.

PROSPECTS

More positive economic indicators and expectations that interest rates will either decline further or remain at present levels bode well for the property development industry.

Moreland is fortunate to have ample stock of good quality land, situated largely in the prime Umhlanga/Mount Edgecombe area which, assisted by its long-term co-ordinated planning and development strategy, has become one of South Africa's top-performing property investment and development areas. Management continues to participate in regional development partnerships between local government and the private sector to support this strategy.

Moreland anticipates substantially improved sales, profits and cash flow performance in the coming year, with a significant boost when the Umdloti casino licence is eventually granted.

KEY STATISTICS

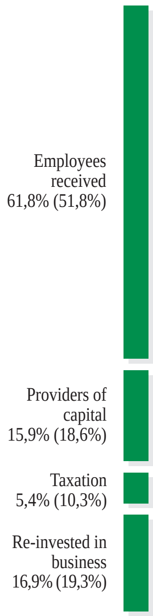
Rmillion	**Actual 1999**	**Pro forma 1998**
Revenue	33	96
Earnings before interest	(6)	16
Contribution (NOPAT)	(5)	10
Capital employed	252	254
Number of employees	52	70

Aerial view of the construction of Old Mutual's Gateway Shoppertainment World on the 142 hectare Umhlanga Ridge New Town Centre site.

VALUE ADDED ANALYSIS

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

Rmillion	1999 Actual	1998 Pro forma
Revenue	4 399	4 554
Bought-in materials and services	3 125	3 288
VALUE ADDED BY OPERATIONS	1 274	1 266
Dividends and other income	225	345
Exceptional items	(189)	14
TOTAL VALUE ADDED	1 310	1 625
Applied as follows:		
TO PAY EMPLOYEES		
Salaries, wages and benefits	809	841
TO PAY PROVIDERS OF CAPITAL	208	303
Distributions to ordinary shareholders	208	304
Minority shareholders in subsidiaries		(1)
TAXATION	71	168
RE-INVESTED IN BUSINESS	222	313
Depreciation	117	105
Retained earnings	105	208
	1 310	1 625



DISTRIBUTION OF VALUE ADDED

(Brackets denote comparative figures)

Employees of the Starch & Glucose division attending a performance improvement management training seminar.

Corobrik – a popular choice of both the public and private sectors.

The Group audit committee comprises non-executive directors with executive directors and the group systems consultant attending by invitation. It is responsible for monitoring the adequacy of the Group's financial controls, accounting policies and financial reporting. It provides a forum through which the independent and internal auditors report to the board of directors and meets at least three times a year.

The remuneration committee comprises a majority of non-executive directors and is chaired by the chairman of the board. It approves the remuneration of executive directors and senior executives and reviews general salary increases. 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. It meets at least twice a year.

The employment equity committee comprises seven members and is chaired by the chief executive. It meets at least twice a year to give direction to, and monitor the implementation of the Group's employment equity policies.

COMMITTEES OF THE BOARD OF DIRECTORS

Executive Committee: C M L Savage (Chairman), D G Aitken, E K Diack, B G Dunlop, E S C Garner, G R Hibbert, G P N Kruger, J B Magwaza, J D Ralph, C J Saunders, S J Saunders, M Serfontein, P H Staude. M A Kennedy (Secretary).

Business Risk Committee: C M L Savage (Chairman), D G Aitken, R A S Cassels, M A Kennedy, J B Magwaza, J D Ralph, M Serfontein.

Audit Committee: E le R Bradley (Chairman), E K Diack, M Mia. By Invitation: D G Aitken, R A S Cassels, E S C Garner. M A Kennedy (Secretary).

Remuneration Committee: C J Saunders (Chairman), R S R Armstrong, L Boyd, C M L Savage, M Serfontein.

Employment Equity Committee: C M L Savage (Chairman), M M Kumalo, J B Magwaza, M Mia, P Mnganga, T K Mshengu, N N G Naidoo, R Nyandeni, S J Saunders, M Serfontein.

EMPLOYMENT EQUITY

The Group is committed to creating work places in which individuals of ability and application can develop rewarding careers at all levels, regardless of their background, race or gender.

To this end, employment equity policies continue to be implemented which are directed and monitored by the employment equity committee. These policies emphasise opportunity for all and seek to identify, develop and reward each Group employee who demonstrates the qualities of individual initiative, enterprise and hard work. These policies include appropriate educational support programmes, recruitment targets, training and development programmes and innovative management development practices.

REMUNERATION POLICY

Executive and non-executive directors receive fees for their services on the board but only non-executive directors receive fees for their services on board committees and divisional boards.

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

Ready-made curtains for Europe represent a significant proportion of Whiteheads Home Textiles' sales.

INTERNATIONAL OPERATIONS

International operations of the group comprise in the main its sugar activities in Zimbabwe (Triangle), Swaziland (Tambankulu) and Mozambique (Mafambisse and Xinavane). The operations at Tambankulu, Mafambisse and Xinavane are included in the results of the sugar division and are dealt with in its divisional review.

Triangle is wholly-owned, reports directly to the group office and is accounted for to the extent that dividends are received. It is one of the lowest cost sugar producers in the world. In spite of unfavourable weather conditions experienced in the early months of 1999, cane quality and factory recoveries exceeded expectations for the year and Triangle produced 312 700 tons of sugar in 1999, which is a record and the highest ever annual production by a Southern African sugar mill. Triangle's total net earnings increased by 5 percent to R98 million and dividends brought to account of R51 million, net of withholding tax, represents a maintained dividend cover of 1,5 times.

Recent summer rains to date have increased the levels in dams supplying the estate and it is anticipated that sugar production at Triangle will be 315 000 tons for the 2000 season. Triangle has preferential water allocations from Lake Mutirikwi, which for the first time in 20 years is full and there is sufficient water in storage to ensure normal sugar production for the next four years.

Expansion plans have been put on hold until the investment climate in Zimbabwe improves. Construction of the Tokwe-Mukorsi dam ceased during 1999 as a result of government problems with financing.

GROUP SERVICES

The Group is structured into six operating divisions, each of which has a high degree of autonomy while enjoying the support of key services which are centralised for the benefit of the Group as a whole.

These centralised services include finance, internal audit, property administration, information technology, procurement, human resources, safety, health and environment, insurance and corporate affairs. The human resources function is dealt with under the human resources and development review.

FINANCE AND STRATEGY

Group management is responsible for the application of Group financial policy and strategy. This includes overall strategic planning, monitoring divisional strategic plans and results, identification and evaluation of new investment opportunities and the treasury function. In addition to the day-to-day management of short-term borrowings and cash resources, the treasury function is responsible for securing and structuring short and long-term finance.

PROPERTY ADMINISTRATION

The Group's extensive South African agricultural and industrial land holdings, which total approximately 41 000 hectares, are administered by Tongaat-Hulett Properties Limited. This company provides a comprehensive property management service to operating divisions and is responsible for the realisation of redundant or surplus property assets.

INFORMATION TECHNOLOGY

The Group and its divisions are increasingly dependent on sophisticated computer systems and telecommunication for efficiency and responsiveness to changing customer and business needs. The Group information technology department is responsible for the appropriate use of computer and communication technology throughout the Group. Its staff provides leadership in identifying areas where business operations can be improved through application of information technology, and manages the Group's shared telecommunications infrastructure.

PROCUREMENT

The Group's purchasing department co-ordinates and regulates procurement policies so that purchasing opportunities can be translated into competitive advantage while maintaining the Group's reputation for integrity and fairness.

INSURANCE

The insurance requirements of the Group are administered centrally. Comprehensive risk management and loss control evaluation programmes are undertaken regularly to ensure that all assets are safeguarded, potential liabilities covered and earnings protected by the most appropriate cover for catastrophic risks. A degree of self-insurance is also undertaken, commensurate with the risks involved.

CORPORATE AFFAIRS

Group corporate affairs is responsible for external communication to a wide range of stakeholders, promotion of the Group's corporate image and fostering communication among staff within the Group and its divisions.

CORPORATE GOVERNANCE

The Group is committed to the principles of openness, integrity and accountability and has incorporated these principles in its Prime Objective Statement.

The board endorses the Code of Corporate Practices and Conduct as advocated by the King Report on Corporate Governance and believes that, in all material respects, the Group complies with the recommendations thereof. The independent auditors have confirmed that in their opinion the directors' statement of compliance is appropriate.

Fundamental to the fulfilment of corporate responsibilities and the achievement of financial objectives is an effective system of corporate governance. In line with the Code of Corporate Practices and Conduct contained in the King Report, the board has ensured that the Group's policies continue to meet current requirements. These policies relate, inter alia, to the duties of the board and to the delegation of powers to the various board committees and specify responsibilities and levels of authority.

ACCOUNTABILITY AND CONTROL

The directors are required by the Companies Act to prepare financial statements which fairly present the state of affairs of the company and the Group as at the end of the financial year and of the profit or loss for that period, 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, management sets standards and implements systems of internal control aimed at reducing 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 ethical standards under which the Group operates are embodied in its Prime Objective Statement.

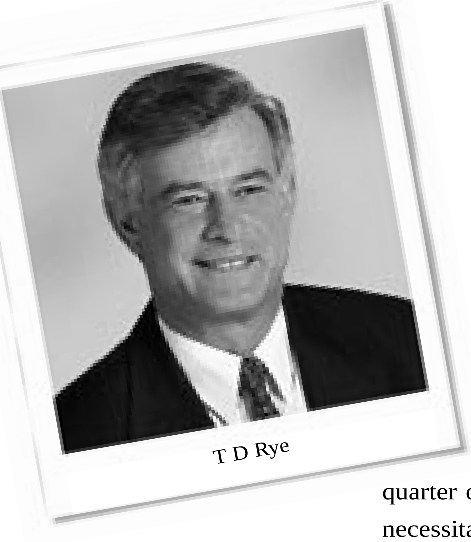
The Group's internal audit function operates independently in all divisions to appraise, evaluate and where necessary make recommendations for improvements in the systems of internal control and accounting practice, based on audit plans which take cognisance of relative degrees of risk of each function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

To further strengthen the Group's commitment to corporate governance, and in order to comply with the London Stock Exchange requirements for listed companies in relation to the Turnbull Committee Report, a business risk committee has been established to formalise the identification, evaluation and management of all operational, financial and other significant risks to which the Group is exposed.

BOARD AND COMMITTEE STRUCTURES

The board comprises executive and non-executive directors. The non-executive directors have a wide range of differing skills and significant commercial and other interests that enable them to bring independent judgement and experience to board deliberations and decisions.

The executive committee comprises thirteen members and is chaired by the chief executive, Mr C M L Savage. It is responsible to the board for recommending the Group's policies and strategies, and for their subsequent implementation. It deals with all executive business of the Group not specifically reserved to the board and co-ordinates and monitors the use of resources to achieve the aims of the Group. It meets on a monthly basis.



T D Rye

TEXTILES DIVISION Tongaat Textiles (Pty) Limited

Directors:

S J Saunders (Chairman),
T D Rye (Managing Director),

A Broughton,
J Daniel,
E S C Garner,
M Mia,
S Naidu,
J D Ralph,
A W Robertson,
C M L Savage,
R Sewpersad,
J D Wood.

DIVISIONAL REVIEW

The division recorded an increase in earnings and positive cash flow as a result of improved market sentiment and a welcome upturn in demand from the second quarter onwards. After an extremely weak order book at the start of the year, the stronger market necessitated a return to three-shift working in certain areas. The continued low level of profitability however is of concern.

The decision to exit spinning and certain commodity weaving markets in the previous financial year was vindicated with the division enjoying the first financial benefits of restructuring into a niche producer. As a result it was able to exploit opportunities with the flexibility to deliver shorter runs and diverse quality products off a lower fixed cost base. This resulted in the division producing some two million metres more than the previous year, and has provided a platform for future growth. Approximately 65 percent of the division’s output was directed at mainstream apparel fabrics and workwear, with the remaining 35 percent being made for the furnishings market.

Prices remained under pressure from cheap imports of fabrics and garments, originating mainly in the Far East and the Indian sub-continent. Nevertheless, the division’s direct exports performed well against strong competition in the United Kingdom, Ireland and Europe, with almost 20 percent of the division’s turnover now being made up of export revenue. Exports to the United States of America were below expectations, and resulted in the division closing its distribution outlet in favour of an agency service agreement. Australasia showed signs of greater activity and there was an improvement in exports to other smaller markets.

The growth in the exports of ready-made curtains and linen was particularly encouraging, with revenues from exports now accounting for 50 percent of the division’s home furnishing operations.

Technological improvements during the year included the installation of additional decorative weaving capacity and an upgrade of the division’s information technology system. Modifications to the effluent treatment plant included an extension to the offshore pipeline to disperse the treated effluent more effectively.

Although the division had previously reduced its staffing in response to market conditions, all core skills were retained, enabling the division to address increased demand levels with confidence.

PROSPECTS

Domestic sales of clothing and furnishing fabrics will benefit from lower interest rates and the improving levels of business confidence. However, the continued dumping of imported fabric and made-up articles is of concern. The easing of European and US trade barriers will facilitate exports of African fabrics, and with its sophisticated product range and growing reputation, the division expects to increase its earnings from exports. Domestically, the Whiteheads brand enjoys good support and the intention is to reinforce this South African strength and extend it into other key markets. The pressure of recent years to increase competitiveness will significantly enhance the division’s potential.

KEY STATISTICS

Rmillion	Actual 1999	Pro forma 1998
Revenue	355	328
Earnings before interest	13	(1)
Contribution (NOPAT)	10	–
Capital employed	122	165
Number of employees	1 123	1 199

HUMAN RESOURCES AND DEVELOPMENT

The Group’s human resources policies, strategies and programmes place emphasis on attracting, developing and retaining employees who can actively contribute to sustainable world class performance.

Organisation-wide business transformation interventions aimed at achieving international competitiveness and alignment with local legislative and socio-economic challenges have, in most divisions, reached a point where they are being integrated into ongoing performance management processes.

Divisions have prioritised the principles and strategies necessary for performance improvement with increased focus being placed on the use of objective performance measures. At the same time training and development initiatives are receiving even greater emphasis. Teams and individuals are being provided with the necessary resources and development opportunities to facilitate performance improvement and enhance career prospects. The Group is aiming to spend up to four percent of salary and wage costs on training and development.

Divisions are utilising the requirements of the Skills Development Act to strengthen the critical competencies required in the respective businesses. Selected training programmes are being reviewed to bring these in line with the National Qualifications Framework. Learning and growth are regarded as key catalysts for superior performance.

Management, with the active support of the employment equity committees, has taken pro-active steps to ensure that the Group’s self-imposed employment equity targets will be met. The Group’s aim is that the number of black employees as a percentage of the total number of employees at various Paterson bands will be as follows by December 2000: F band 20 percent, E band 30 percent, D band 40 percent and C band 60 percent.

Proposed targets covering all designated groups to be achieved beyond December 2000 are in the process of being formulated.

Significant progress has been made in respect of the implementation of the provisions of the Employment Equity Act.

A peaceful industrial relations climate prevailed during the past year and there were relatively few incidents of industrial action. The Group endeavours continually to foster constructive relationships with employees and unions.

Education, with the emphasis on science and technology, continues to be the major focus of the Group’s corporate social investment initiatives and selected schools and projects have received appropriate funding.

Black economic empowerment suppliers of goods and services continue to receive priority. In this regard R350 million was spent during the 1999 financial year. A highlight of empowerment initiatives during the year was the sale of a brick factory at Klerksdorp to a group of employees and their trade union.

P C du Trevou

BUILDING MATERIALS DIVISION Corobrik (Pty) Limited

DIVISIONAL REVIEW

Improving market conditions and judicious management of production and other resources assisted Corobrik return to profitability in the second half of the year.

Directors:

J B Magwaza (Chairman),
P C du Trevou (Managing Director),

E S C Garner,
C J Lee,
M Mia,
J D Ralph,
S J Saunders,
C M L Savage,
S R-C Sosibo,
P H Staude,
H O Voorma.

Alternates:
K Bowers,
C H Lemley,
R S Taylor.

The division recorded a loss in the first half of the year with weak demand for bricks reflecting the impact of sustained high interest rates and investor caution amid lower business confidence levels around the national elections. Production at most of Corobrik's factories was either suspended or curtailed with some factories closed permanently to prevent over-stocking. Management's attention was focused on cash generation.

Business confidence improved in the second half, following the downtrend in interest rates. Orders for bricks and paving products increased as public and private sector investment in new building activity began to improve. As overall stock levels fell towards the ideal three month sales mark, plants which had been closed were brought back into operation.

Marketing and technical alliances with other manufacturers continued to benefit Corobrik and its alliance partners through production rationalisation and the ability to offer a broad range of quality products nationwide. Corobrik continued to enjoy good market share, reflecting its brand strength.

Sales to small contractors and do-it-yourself builders were increased by supplementing the now-profitable Brick 'n Tile operation and existing retail distributorships with agreements which will lead to Corobrik products being offered through an additional 100 outlets. This initiative will significantly increase the availability of Corobrik products in rural areas.

In a ground-breaking empowerment deal, Corobrik sold its Klerksdorp factory to Kopano Brickworks, a company 50 percent owned by the workforce and 25 percent by factory management and certain trade union employees. Corobrik has retained a 25 percent interest for a two year transitional period and has undertaken to purchase the factory's output of clay face bricks and pavers for resale. Kopano Brickworks has met all targets for its first six months and indications are that the plant is well placed for the future.

The recession in the building industry, the worst in 30 years, has severely impacted the industry as a whole and has necessitated a review of the division's asset values. It is to be hoped that industry players will use the opportunity of the predicted improvement in trading conditions over the next few years to re-establish the industry which could be one of the key driving forces for job creation in an improved South African economy.

KEY STATISTICS

Rmillion	Actual 1999	Pro forma 1998
Revenue	413	435
Earnings before interest	17	11
Contribution (NOPAT)	17	8
Capital employed	150	283
Number of employees	1 578	2 659

PROSPECTS

While the building industry's upturn thus far is slower than expected, a number of factors are expected to contribute to a more profitable year for the division. These include the anticipated start of major government and private sector construction projects and increased private residential development in the wake of lower real interest rates and a gradual increase in overall economic activity.

The Group remains committed to creating a safe working environment for all its employees and for the public in general and is an active member of the Industrial Environmental Forum.

During the year a start was made to combine the responsibility for safety, health and environment (SHE) under one structure in line with general industry trends. This will be a developing area and is becoming of greater importance to the needs of business and society. The Group has taken steps to ensure that SHE risks are assessed and, where possible, measurable indices are being developed. This will enable management to improve the understanding of potential risks to business and the environment in general. Committees have been established within the divisions to facilitate SHE processes.

Much has been achieved during the year to improve environmental performance and the prevention of incidents. There were no major environmental incidents during the year.

The sugar division works closely with the South African Sugar Association (SASA) in developing and ensuring adherence to environmental standards. Air pollution arising from cane burning is a high profile issue but SASA's Code of Burning Practice is strictly complied with. Experimental work done at Maidstone sugar mill has resulted in the successful reduction of the waste water quantity, as well as improving its quality, through innovative processes and careful monitoring procedures. This will be extended to other factories in the division.

During the year the Germiston mill became the first factory of the starch & glucose division to achieve an ISO 14001 certification. Plans are in place for other factories in each of the divisions to follow this route.

Hulett Aluminium's rolled products expansion project complies with modern standards and full environmental assessments are being undertaken at all stages of the process.

The health of the Group's employees is attended to through the use of in-house factory clinics that provide for occupational health services for all, and primary healthcare to many employees. Assessed risk conditions are monitored in all factories. In general the Group does not have major work related health risks, but where assessed, programmes are in place to monitor employees and to see that the necessary preventative steps are taken and education provided. Research in conjunction with academic institutions is being conducted in some divisions.

The impact of AIDS on the business is being carefully monitored. An AIDS strategy committee assists in this regard. The Group's policies relating to chronic illness and disability are under continual review to ensure that employees are fairly dealt with and that the Group is legally compliant with the latest labour legislation. The changed medical schemes legislation in South Africa is of concern and the impact thereof is being carefully monitored.

The Group has a good safety record and many programmes are in place to ensure that safe working conditions exist and that employees are aware of those risks that are inherent in some areas.

NOTICE TO SHAREHOLDERS

Notice is hereby given that the one hundred and eighth annual general meeting of shareholders will be held at the Group Office, Amanzimnyama Hill, Tongaat, on Friday 19 May 2000 at 10:30 for the following purposes:

1. To receive and consider the annual financial statements of the company and of the Group for the year ended 31 December 1999.

2. To elect directors in place of Mrs E le R Bradley and Messrs D G Aitken, J B Magwaza, M Mia, M Serfontein, R H J Stevens who retire in accordance with the articles of association and who, being eligible, offer themselves for re-election.

3. To consider and, if deemed fit, to pass, with or without modification, the following resolutions which will be proposed as ordinary resolutions:

   Ordinary resolution No. 1

   "Resolved 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) be and are hereby placed under the control of the directors of the company who are hereby authorised to allot and issue such shares at their discretion upon such terms and conditions as they may determine, subject to the provisions of the Companies Act, 1973, as amended, and the rules and regulations of The Johannesburg Stock Exchange."

   Ordinary resolution No. 2

   "Resolved that, subject to the passing of ordinary resolution No. 1 above and the approval of a 75 percent majority of the votes cast by shareholders present or represented by proxy at the annual general meeting at which this resolution is proposed and the requirements of The Johannesburg Stock Exchange, 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 No. 1 above 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 year, five percent or more of the number of ordinary shares in issue prior to the issue/s of the company's issued ordinary share capital, provided further that such issues shall not in aggregate in any three year period exceed 15 percent of the company's issued ordinary share capital; and

   (c) in determining the price at which an issue of shares will be made in terms of this authority the maximum discount permitted shall be ten percent of the average closing price of the shares in question, adjusted for dividends declared but not yet paid or for any capitalisation award made to shareholders, as determined over the 30 day period prior to either the date of the paid press announcement or, where no announcement is required and none has been made, the date of issue of the shares."

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

A member entitled to attend and vote at meetings of the company is entitled to appoint one or more proxies to attend and speak and, on a poll, to vote in his stead. A proxy need not be a member of the company. Proxy forms shall be deposited at the office of the company's transfer secretaries not less than 48 hours before the commencement of the meeting.

By order of the board

M A Kennedy
Group Secretary

Amanzimnyama
Tongaat, KwaZulu-Natal

8 March 2000

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 1999

DIRECTORS' APPROVAL OF ANNUAL FINANCIAL STATEMENTS

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 annual report which has been prepared in accordance with South African Statements of Generally Accepted Accounting Practice.

The directors, supported by the audit 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 consistently, 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 1999 and the results of their operations for the year then ended. The directors are also of the opinion that the Group will continue as a going concern in the year ahead.

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

The annual financial statements appearing on pages 38 to 56 were approved by the board of directors on 8 March 2000 and are signed on their behalf by:

C J Saunders
Chairman

C M L Savage
Chief Executive

Amanzimnyama
Tongaat, KwaZulu-Natal

8 March 2000

CONTENTS

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 38 to 56 for the year ended 31 December 1999. 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 1999 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.

PRO FORMA RESULTS

We have reviewed but not audited the pro forma results for the year ended 31 December 1998.

Deloitte & Touche
CHARTERED ACCOUNTANTS (SA)

Durban, KwaZulu-Natal

8 March 2000

CERTIFICATE BY COMPANY SECRETARY

I certify, in terms of the Companies Act, 1973, as amended, that for the year ended 31 December 1999, the company has lodged with the Registrar of Companies all returns that are required of a public company and that all such returns are true, correct and up to date.

M A Kennedy
Group Secretary

Amanzimnyama
Tongaat, KwaZulu-Natal

8 March 2000

STATUTORY REPORT

The directors have pleasure in submitting the annual financial statements of the company and of the Group for the year ended 31 December 1999 and pro forma results where appropriate, for the 12 months ended 31 December 1998 to facilitate comparison.

HOLDING COMPANY

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

NATURE OF BUSINESS

The Group comprises six operating divisions: sugar, starch & glucose, aluminium, property, building materials and textiles. Their activities are dealt with in the separate divisional reviews.

FINANCIAL RESULTS

Total net earnings of the Group for the year ended 31 December 1999 amounted to R313 million (1998 Pro forma – R512 million). This translates into headline earnings per share of 486,7 cents (1998 Pro forma – 483,8 cents) after adjusting for exceptional items and based on the increased weighted average number of shares in issue during the period. Exceptional items for the year of R176 million after tax includes a provision for impairment of R130 million against the book value of certain assets in the building materials and textiles divisions, loss on disposal/closure of operations of R43 million, goodwill amortised and other items.

DIVIDENDS

An interim dividend No. 144 of 62 cents per share was paid on 30 August 1999 and a final dividend No. 145 of 145 cents has been declared and is payable on 10 April 2000 to shareholders registered at the close of business on 24 March 2000.

SHARE CAPITAL

As at 31 December 1999, the issued share capital of the company amounted to R100 776 877. Details of the authorised, issued and unissued share capital are set out in note 1 to the financial statements. During the year 281 025 shares were allotted in respect of options exercised in terms of the Group's employee share incentive scheme. At 31 December 1999, there were a total of 49 223 123 unissued shares, of which 3 717 700 were under option and 226 780 had been reserved for future allocation in terms of the rules of the Group's share incentive scheme, leaving a balance of 45 278 643 subject to the general authority granted to the directors in terms of section 221(3) of the Companies Act, 1973, as amended. This general authority enabling directors to allot and issue these shares at their discretion expires at the forthcoming annual general meeting and shareholders will accordingly be asked to renew the authority at that meeting. In order that the directors of the company may continue to be placed in a position to take advantage of favourable circumstances which may arise for the issue of such shares for cash without restriction for the benefit of the company, shareholders will be asked to consider an ordinary resolution to this effect at the forthcoming annual general meeting.

SUBSIDIARY COMPANIES AND JOINT VENTURES

Details of the business and operations of each division are fully covered in the divisional reviews and the subsidiaries and joint ventures of the Group are reflected on page 56.

The attributable interest of the company in the results of its consolidated subsidiaries and joint ventures for the year ended 31 December 1999 is as follows:

In the aggregate amount of:	1999	1998
Net earnings – (Rmillion)	552	320
Net losses – (Rmillion)	33	11

YEAR 2000 COMPLIANCE

The Group successfully implemented its Year 2000 compliance programme and contingency plans. No disruptions of any consequence in relation to the Year 2000 issue were experienced. The cumulative cost expensed in respect thereof amounted to R12 million of which R7 million was charged against income during the current year.

LITIGATION

In July 1999 Tongaat-Hulett Sugar Limited received a summons claiming approximately US$74 million relating to a cane farming development in Mozambique. It is the board's view that the claim is without merit and this view is confirmed by Senior Counsel. It will be vigorously defended.

DIRECTORATE

The names of the directors and alternate directors of the company in office at the date of this report are reflected on page 6.

On 6 September 1999 Mr D B Pfaff was appointed an alternate director and Mr R W McBride resigned as an alternate director on 1 March 2000.

Mr C J Saunders who has served the company as a director since 1955 and as chairman since 1963 will be retiring as a director at the annual general meeting. Mr C M L Savage will be appointed executive chairman in his stead.

Other directors retiring at the annual general meeting in accordance with the articles of association are: Mrs E le R Bradley and Messrs D G Aitken, J B Magwaza, M Mia, M Serfontein and R H J Stevens. These directors are all eligible and offer themselves for re-election.

DIRECTORS' SHAREHOLDINGS

At 31 December 1999, the present directors and alternate directors of the company beneficially held a total of 1 487 630 ordinary shares equivalent to 1,5 percent in the company (1998 – 1 500 871 shares equivalent to 1,5 percent) and held unexercised options to acquire a total of 1 165 280 ordinary shares in the company (1998 – 1 007 580).

POST BALANCE SHEET EVENT

Negotiations are in progress with Hunt Leuchars & Hepburn Holdings Limited for the acquisition of Transvaal Sugar Limited. Apart from these negotiations, no material change has taken place in the affairs of the Group between 31 December 1999 and the date of this report.

BALANCE SHEETS

as at 31 December 1999

THE TONGAAT-HULETT GROUP LIMITED

Company 1998	Company 1999	Rmillion	Note	Group 1999	Group 1998
		Capital Employed			
100	101	SHARE CAPITAL	1	101	100
707	710	SHARE PREMIUM	2	710	707
29	29	NON-DISTRIBUTABLE RESERVES	3	59	60
2 294	1 912	RETAINED SURPLUS	4	2 923	2 818
3 130	2 752	SHAREHOLDERS' FUNDS	5	3 793	3 685
220	108	DEFERRED TAXATION	6	402	360
347	371	BORROWINGS	7	1 427	1 218
		MINORITY INTERESTS IN SUBSIDIARIES		19	13
3 697	3 231			5 641	5 276
		Represented by:			
2 077	1 986	PROPERTY, PLANT AND EQUIPMENT	8	3 934	3 513
		INTANGIBLE ASSETS	9	47	
6	5	INVESTMENTS	10	28	11
747	691	SUBSIDIARIES AND JOINT VENTURES	11		
1 918	1 461	CURRENT ASSETS		2 880	3 192
400	366	Inventories	12	898	797
1 144	868	Accounts receivable	13	1 172	1 471
374	227	Cash resources and deposits		810	924
4 748	4 143	TOTAL ASSETS		6 889	6 716
1 051	912	INTEREST-FREE LIABILITIES		1 248	1 440
878	751	Accounts payable and provisions		1 081	1 260
12	15	Taxation		21	19
161	146	Proposed dividend		146	161
3 697	3 231			5 641	5 276

INCOME STATEMENTS

for the year ended 31 December 1999

THE TONGAAT-HULETT GROUP LIMITED

Company 1998 9 months Actual	Company 1999 12 months Actual	Rmillion	Note	Group 1999 12 months Actual	Group 1998 12 months Pro forma	Group 1998 9 months Actual
		REVENUE				
3 063	3 479	Continuing operations		4 399	4 392	3 719
		Divested operations			162	68
3 063	3 479			4 399	4 554	3 787
		EARNINGS FOR THE YEAR				
75	(158)	Continuing operations	14	523	483	460
		Divested operations			18	6
145	74	Net interest received	15	61	164	123
220	(84)	EARNINGS BEFORE EXCEPTIONAL ITEMS		584	665	589
(1)	(175)	Exceptional items	16	(189)	14	12
219	(259)	EARNINGS BEFORE TAXATION		395	679	601
		Taxation	17			
(58)	41	Earnings before exceptional items		(135)	(186)	(160)
4	13	Exceptional items		13	18	4
	31	Tax rate change adjustment		51		
165	(174)	EARNINGS AFTER TAXATION		324	511	445
		Share of associate company's loss	10	(11)		
165	(174)			313	511	445
		Minority shareholders			1	1
165	(174)	TOTAL NET EARNINGS	4	313	512	446
		HEADLINE EARNINGS	19	489	480	430
		EARNINGS PER SHARE – (cents)	20			
		Total net earnings		312,0	515,5	447,9
		Headline earnings		486,7	483,8	431,7

CASH FLOW STATEMENTS

for the year ended 31 December 1999

THE TONGAAT-HULETT GROUP LIMITED

Company 1998 9 months Actual	Company 1999 12 months Actual	Rmillion	Group 1999 12 months Actual	Group 1998 12 months Pro forma	Group 1998 9 months Actual
		REVENUE ACCOUNT			
75	(158)	Earnings from operations	523	501	466
145	74	Net interest received	61	164	123
220	(84)	Earnings for the year	584	665	589
(39)	(25)	Taxation payments	(44)	(97)	(56)
(3)	(2)	Surplus on disposal of plant and equipment	(3)	(6)	(4)
178	(111)	Revenue inflow/(outflow)	537	562	529
		WORKING CAPITAL ACCOUNT			
45	18	Inventories	(95)	(102)	14
(684)	276	Accounts receivable	303	(213)	(652)
128	(137)	Accounts payable	(231)	442	224
(511)	157	(Increase)/decrease in working capital	(23)	127	(414)
		CAPITAL ACCOUNT			
		Property, plant and equipment			
(143)	(75)	New project expenditure	(431)	(923)	(616)
(41)	(56)	Replacement expenditure	(69)	(104)	(46)
68	95	Depreciation	117	105	82
25	21	Proceeds on disposal of property, plant and equipment	25	71	36
(1)	1	Investments	2	1	(1)
(198)	(126)	Subsidiaries and operations acquired less disposals and other capital items	(84)	(50)	(123)
(290)	(140)	Capital outflow	(440)	(900)	(668)
(623)	(94)	NET CASH FLOW FROM OPERATIONS	74	(211)	(553)
		DIVIDEND ACCOUNT			
(143)	(161)	Previous period final	(161)	(143)	(143)
	(62)	Current year interim	(62)	(60)	
103		Share capitalisation award adjustment		152	103
(40)	(223)	Dividends paid	(223)	(51)	(40)
	4	PROCEEDS ON SHARES ISSUED	4		
(663)	(313)	NET CASH FLOW FOR THE YEAR	(145)	(262)	(593)
		MOVEMENT ON BORROWINGS AND CASH			
(11)	24	Borrowings – movement in aggregate	209	426	74
		Borrowings – relating to subsidiaries acquired	(178)		
757	147	Cash resources	114	(164)	519
(83)	142	Inter-group loans			
663	313		145	262	593

The annual financial statements are prepared in accordance with the historical cost convention and incorporate the fundamental assumptions of going concern, consistency and accrual. The principal accounting policies of the Group conform with South African Statements of Generally Accepted Accounting Practice and except for the treatment of goodwill, which has been applied prospectively, are consistent with those applied in the previous year.

BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of the company and of its subsidiaries, except those foreign subsidiaries where, in the opinion of the directors, there is uncertainty as to the recovery of profits or remittability of dividends. The investment in such foreign subsidiaries is included at cost less provisions and amounts written off, and results are accounted for only to the extent that dividends (net of any withholding taxes) are received. The results of all other subsidiaries are included from the dates effective control was acquired and up to the dates effective control ceased. Investments in joint ventures are accounted for on the proportionate consolidation method from the effective dates of acquisition and up to the effective dates of disposal.

FINANCIAL INSTRUMENTS

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

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation. Assets subject to finance lease agreements are capitalised at original cost and corresponding liabilities raised. Lease finance charges are charged to profit as they become due. 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.

Land, growing crops and capital work in progress are not depreciated. Buildings, plant and equipment are depreciated at varying rates, in general on the straight line basis, over their expected useful lives to estimated residual values.

INTANGIBLE ASSETS

Intangible assets comprise goodwill which 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 a significant influence and in which it holds a long-term equity interest. Results of associates are equity accounted from their most recent audited financial statements. Any losses of associates are brought to account until the investment in, and loans to, such associates are written down to a nominal amount. Thereafter losses are accounted for only insofar as the Group is committed to providing financial support to such associates. The carrying value of investments in associates represents the cost of each investment including unamortised goodwill, the share of post acquisition retained earnings or losses and other movements in reserves.

INVENTORIES

Inventories are valued at the lower of cost or net realisable value determined in general on the first-in-first-out and average methods. Cost of finished goods and work in progress is determined at direct material, labour and a portion of manufacturing overhead costs. Progress payments are deducted from work in progress where applicable. Township 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.

REVENUE

Revenue comprises sales arising from normal trading activities and is recognised when the significant risks and rewards of the goods are transferred to the buyer and includes sugar revenue determined on a seasonal basis. In the determination of revenue all material inter-company transactions and value added tax are excluded.

SUGAR OPERATIONS

Southern African sugar seasons run generally from 1 April to 31 March the year following, however the harvesting and production cycles are effectively completed by 31 December each year. Earnings from the Group's South African sugar operations are brought to account on a seasonal basis. These are determined by bringing to account seasonal production at the latest sugar industry price estimates for the season as a whole, recognising actual costs of production. The seasonal adjustment is included in accounts receivable.

RESEARCH AND DEVELOPMENT

Expenditure on research is charged to operating income 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 economic life of the related development but not exceeding five years.

DEFERRED TAXATION

Deferred taxation is provided on the comprehensive basis using the liability method. Deferred tax assets are set-off against deferred tax liabilities.

FOREIGN CURRENCIES

Assets and liabilities in foreign currencies are translated at rates of exchange ruling at the year end or at rates applicable in forward exchange contracts. Gains and losses arising from currency related transactions during the year are included in earnings. The financial statements of consolidated foreign subsidiaries are translated as follows:

- assets and liabilities at the rate of exchange ruling at the year end; and
- income, expenditure and cash flow items at the weighted average exchange rate for the year.

1. SHARE CAPITAL (Rmillion)	1999	1998
Authorised:		
150 000 000 ordinary shares of R1 each	150	150
Issued and fully paid:		
100 776 877 (1998 – 100 495 852)	101	100

Unissued:

Under option to employees, for a period of ten years from date granted, to subscribe for 3 717 700 shares at an average price of R34,80 per share (1998 – 3 452 685 shares at R40,81 per share). During the year 732 300 options were granted at a price of R40,10 per share. 281 025 shares were allotted in terms of options exercised and 186 260 options previously granted lapsed.

Reserved in terms of the company’s share incentive scheme – 226 780 shares (1998 – 772 820 shares).

Under control of directors in terms of a shareholders’ resolution – 45 278 643 shares (1998 – 45 278 643 shares).

2. SHARE PREMIUM (Rmillion)	1999	1998
Balance at beginning of year	707	606
Premium on shares issued	3	101
Balance at end of year	710	707

3. NON-DISTRIBUTABLE RESERVES (Rmillion)	Group	Company
Balance at beginning of year	60	29
Adjustment for changes in currency exchange rates	(1)	
Balance at end of year	59	29
Comprising:		
Capital redemption reserve fund	32	28
Debenture reserve fund	1	1
Foreign currency translation reserve	26	
	59	29

4. RETAINED SURPLUS (Rmillion)	Group	Company
Balance at beginning of year	2 818	2 294
Total net earnings for the year	313	(174)
Dividends	(208)	(208)
Balance at end of year	2 923	1 912

5. SHAREHOLDER'S FUNDS (Rmillion)

	Group	Company
Balance at beginning of year	3 685	3 130
Increase in share capital	4	4
Exchange losses on translation of financial statements of foreign operations	(1)	
Retained earnings for the year	105	(382)
Earnings attributable to ordinary shareholders	313	(174)
Dividends	(208)	(208)
Balance at end of year	3 793	2 752

6. DEFERRED TAXATION (Rmillion)

	Group	Company
Balance at beginning of year	360	220
Adjusted for:		
Change in tax rate	(51)	(31)
Prior years	(4)	(4)
Subsidiaries acquired	19	
Currency alignment	(2)	
Current year:		
Earnings before exceptional items	93	(64)
Exceptional items	(13)	(13)
Balance at end of year	402	108
Comprising timing differences relative to:		
Fixed assets	673	359
Tax losses	(231)	(207)
Other	(40)	(44)
	402	108

Deferred tax assets of R6 million have been set-off against the Group's deferred tax liability.

7. BORROWINGS (Rmillion)

	Effective interest rate (%)	Group 1999	Group 1998	Company 1999	Company 1998
Long-term		1 257	1 112	328	328
Short-term		156	95	41	19
Bank overdraft		14	11	2	
		1 427	1 218	371	347
Long-term borrowings comprise:					
Secured:					
Repayable 1999/2002	11,5-15,5	73	105	13	17
Unsecured:					
Debentures 2000	10,2	6	6		
Repayable 2000/2002	10,5-15,5	14	21	13	20
Repayable 2000/2004	15,0	303	296	303	296
Repayable 2000/2008	12,8	206	231		
Repayable 2000/2009	13,0-13,3	598	533		
Repayable 2000/2009	2,8-7,7	158			
		1 285	1 087	316	316
Total long-term borrowings		1 358	1 192	329	333
Less: current portion included in short-term borrowings		101	80	1	5
		1 257	1 112	328	328

Assets with a book value of R34 million (1998 – R47 million) are variously encumbered as security for the secured borrowings.

Unsecured long-term borrowings totalling R1 168 million (1998 – R1 079 million) have been reduced by the set-off of related investments totalling R659 million (1998 – R551 million).

Summary of future loan repayments by financial year:

Year	2001	2002	2003	2004	2005	2006	Thereafter
Rmillion	171	171	190	225	135	146	219

In terms of the company's articles of association the borrowing powers of the Group are currently limited to R5 718 million.

8. PROPERTY, PLANT AND EQUIPMENT (Rmillion)

Group

At cost	Total	Land, crops and buildings	Plant and machinery	Vehicles and other	Capitalised leased assets	Capital work in progress
Balance at beginning of year	4 322	576	2 101	295	47	1 303
Subsidiaries acquired	290	197	72	9		12
Additions	500	7	100	18		375
Disposals	(75)	(22)	(32)	(20)	(1)	
Transfers		(20)	84	16	(1)	(79)
Currency alignment	(21)	(12)	(8)	(1)		
Balance at end of year	5 016	726	2 317	317	45	1 611
Accumulated depreciation/impairment						
Balance at beginning of year	809	57	582	142	28	
Subsidiaries acquired	109	35	69	5		
Disposals	(49)	(4)	(28)	(17)		
Depreciation	117	6	85	24	2	
Impairment	103	29	73	1		
Transfers		(1)	1	(1)	1	
Currency alignment	(7)	(2)	(4)	(1)		
Balance at end of year	1 082	120	778	153	31	
Carrying value at 31 December 1999	3 934	606	1 539	164	14	1 611
Carrying value at 31 December 1998	3 513	519	1 519	153	19	1 303

Company

At cost	Total	Land, crops and buildings	Plant and machinery	Vehicles and other	Capitalised leased assets	Capital work in progress
Balance at beginning of year	2 787	504	1 883	257	32	111
Additions	131	7	81	12		31
Disposals	(72)	(21)	(31)	(20)		
Transfers		(22)	80	14	(3)	(69)
Balance at end of year	2 846	468	2 013	263	29	73
Accumulated depreciation/impairment						
Balance at beginning of year	710	53	514	124	19	
Disposals	(48)	(3)	(26)	(19)		
Depreciation	95	2	72	20	1	
Impairment	103	29	73	1		
Transfers			1	(1)		
Balance at end of year	860	81	634	125	20	
Carrying value at 31 December 1999	1 986	387	1 379	138	9	73
Carrying value at 31 December 1998	2 077	451	1 369	133	13	111

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

9. INTANGIBLE ASSETS (Rmillion)

	Group 1999	Group 1998	Company 1999	Company 1998
Goodwill on subsidiaries acquired during the year	49			
Less: amortisation	2			
Balance at end of year	47			

10. INVESTMENTS (Rmillion)

	Group 1999	Group 1998	Company 1999	Company 1998
Associate:				
The carrying value of the Group's 49% interest in Açucareira de Xinavane, SARL (Mozambique) is:				
Unlisted shares	20			
Share of loss	(11)			
Loan	10			
Book value	19			
Directors' valuation	19			
Net assets and results of associate:				
Property, plant and equipment	123			
Current assets	12			
Interest-free liabilities	(26)			
Borrowings	(80)			
Other shareholders' interest	(10)			
Group interest	19			
Turnover	32			
Operating loss	(11)			
Interest paid	(11)			
Loss for the period	(22)			
Other investments:				
Unlisted shares at cost	4	6	2	5
Loans	5	5	3	1
Book value	9	11	5	6
Directors' valuation	9	11	5	6
Carrying value of investments	28	11	5	6

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

11. SUBSIDIARIES AND JOINT VENTURES (Rmillion)

	Company 1999	Company 1998
Shares at cost, less amounts written off	386	300
Indebtedness by	523	672
Indebtedness to	(218)	(225)
	691	747

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:

	1999	1998
Property, plant, equipment and investments	1 661	1 307
Current assets	536	483
Less: Interest-free liabilities	(192)	(260)
Capital employed	2 005	1 530
Less: Borrowings	(959)	(920)
Post-acquisition reserves	(613)	(203)
Deferred taxation	(250)	(102)
Minority interests	(12)	(13)
Interest in joint ventures	171	292

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

	1999	1998
Revenue	652	450
Earnings for the year	41	18
Taxation	6	(1)
Minority interests	1	1
Total net earnings	48	18

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

	1999	1998
Revenue inflows	42	(59)
Working capital changes	(179)	117
Capital account movements	(354)	(341)
Movement on loans and cash	(491)	(283)

The aggregate values as at 31 December 1999 attributable to subsidiaries not included in the audited consolidated financial statements are as follows:

	1999	1998		1999	1998
Shareholders' funds	122	76	Property, plant and equipment	156	137
Minority interests	15	22	Current assets	215	111
Deferred taxation	32	33	Interest-free liabilities	(198)	(113)
Borrowings	4	4			
	173	135		173	135
Revenue	581	456	Total net earnings	98	95

12. INVENTORIES (Rmillion)

	Group 1999	Group 1998	Company 1999	Company 1998
Raw materials	234	149	105	79
Work in progress	90	73	44	42
Finished goods	249	256	155	219
Consumable stores	91	88	62	60
Township properties	234	231		
	898	797	366	400
The value of inventories not at cost but included above at net realisable value is	29	11	29	11

13. ACCOUNTS RECEIVABLE

Included in accounts receivable is the seasonal adjustment relating to sugar revenue of R456 million (1998 – R631 million).

14. EARNINGS FROM OPERATIONS (Rmillion)

	Group 1999 12 months Actual	Group 1998 12 months Pro forma	Group 1998 9 months Actual	Company 1999 12 months Actual	Company 1998 9 months Actual
Revenue	4 399	4 554	3 787	3 479	3 063
Cost of sales	3 175	3 345	2 799	2 585	2 336
Other expenses (net)	701	708	522	1 052	652
Earnings from operations	523	501	466	(158)	75
Disclosable items:					
Income from unlisted investments	3	3	2	2	2
Surplus on disposal of plant and equipment	3	6	4	2	3
Income from subsidiaries					
– Interest					43
– Dividends	51	44	45	29	28
Exchange gains/(losses)					
– Realised	5	13	13	1	1
– Unrealised	7	27	27		(1)
Depreciation charged	117	105	82	95	68
Technical fees paid	16	15	13	9	7
Operating lease charges	30	23	19	26	16
Auditors remuneration paid					
– Fees	4	4	3	2	2
– Other services	2	2	1	1	1
Remuneration of directors and alternate directors					
Executives					
– Fees	0,2	0,2	0,2		
– Salaries, benefits and other emoluments	14,9	12,6	9,0		
– Performance related payments	2,3	2,8	2,8		
– Gains on share options exercised	0,4	2,0	1,2		
Non-executives					
– Fees	0,4	0,4	0,4		
– Benefits and other emoluments	0,8	0,5	0,4		

15. NET INTEREST RECEIVED (Rmillion)

	Group 1999 12 months Actual	Group 1998 12 months Pro forma	Group 1998 9 months Actual	Company 1999 12 months Actual	Company 1998 9 months Actual
The amount reflected as net interest:					
Includes financial instrument income of	107	89	73	107	73
Excludes capitalised borrowing costs of	176	236	180	19	52

16. EXCEPTIONAL ITEMS (Rmillion)

	Group 1999 12 months Actual	Group 1998 12 months Pro forma	Group 1998 9 months Actual	Company 1999 12 months Actual	Company 1998 9 months Actual
Impairment of assets	(130)			(130)	
Surplus on sale of property		27	20	6	11
Loss on disposal/closure of operations	(56)	(13)	(8)	(51)	(12)
Goodwill amortised	(2)				
Other	(1)				
Exceptional items before taxation	(189)	14	12	(175)	(1)
Taxation (refer note 17)	13	18	4	13	4
Exceptional items after taxation	(176)	32	16	(162)	3

17. TAXATION (Rmillion)

	Group 1999 12 months Actual	Group 1998 12 months Pro forma	Group 1998 9 months Actual	Company 1999 12 months Actual	Company 1998 9 months Actual
Earnings before exceptional items:					
Current	18	24	22		
Deferred	93	143	123	(64)	42
Secondary tax on companies	25	22	18	25	18
Prior years	(1)	(3)	(3)	(2)	(2)
	135	186	160	(41)	58
Exceptional items:					
Deferred	(13)	(18)	(4)	(13)	(4)
Rate change adjustment	(51)			(31)	
Taxation for the year	71	168	156	(85)	54
Foreign taxation included above	11	17	15		
Normal rate of South African taxation	30,0%	35,0%	35,0%	30,0%	35,0%
Adjusted for:					
Allowances	(1,4)	(1,4)	(1,4)	(0,2)	(1,8)
Non-taxable income	(8,2)	(7,5)	(5,5)	(16,6)	(17,9)
Assessed losses	(0,5)	(0,1)	(0,1)		
Non-allowable expenditure	0,9	0,3	0,3	1,1	0,7
Secondary tax on companies	6,2	3,2	3,1	9,5	8,5
Prior year	(0,3)	(0,4)	(0,6)	(0,6)	(1,2)
Foreign operations	(5,8)	(4,4)	(4,8)	1,1	1,3
Impairment of assets	9,9			15,1	
Rate change adjustment	(12,9)			(12,2)	
Effective rate of taxation	17,9%	24,7%	26,0%	27,2%	24,6%

The estimated tax losses in the Group carried forward to future years amount to R162 million (1998 – R2 million) after utilising R769 million (1998 – R124 million) to reduce deferred taxation. The company participates in an export venture. The current contribution to this venture is equivalent to the related current tax saving and is included in the tax charge.

18. DIVIDENDS (Rmillion)

	1999	1998
Paid and proposed:		
For the 12 months ended 31 December 1999		
Interim paid August 1999 – 62 cents	62	
Final proposed, payable April 2000 – 145 cents	146	
For the nine months ended 31 December 1998		
Paid January 1999 – 160 cents		161
	208	161

19. HEADLINE EARNINGS (Rmillion)	Group 1999 12 months Actual	1998 12 months Pro forma	1998 9 months Actual
Total net earnings	313	512	446
Impairment of assets	130		
Add/(less) after tax effect of:			
Loss/(surplus) on			
Sale of property		(27)	(20)
Disposal/closure of operations	43	(5)	4
Goodwill amortised	2		
Other	1		
Headline earnings	489	480	430

20. EARNINGS PER SHARE

Earnings per share are calculated using total net earnings divided by the weighted average number of 100 575 152 (1998 Pro forma – 99 311 586) ordinary shares in issue during the year. Headline earnings per share exclude the effect of exceptional items disclosed in note 16. The exercise in full of all outstanding share options would not result in any material dilution of earnings per share.

21. 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 a member of various designated industry or state schemes. Contributions to fund obligations for the payment of retirement benefits are recognised as an expense during the period in which they become payable.

There is one Group defined benefit scheme and seven Group defined contribution schemes, one of which is located in Swaziland. The assets of Group schemes are held in administered trust funds, separate from Group assets. Scheme assets primarily consist of listed shares, fixed income securities, property investments and money market instruments. The administered South African funds are governed by the Pension Funds Act of 1956.

The defined benefit scheme is actuarially valued at intervals of not more than three years using the projected unit credit method. No surplus has been brought to account by the Group. Deficits identified are provided for or funded by the Group. The defined benefit scheme was last actuarially valued at 31 December 1998 and was certified by the reporting actuary to be in a sound financial position. In arriving at this conclusion the actuary took into account reasonable long-term estimates of inflation, future increase in wages, salaries and pensions and sustainable investment returns. At 31 December 1998, the actuarial fair value of the assets of the defined benefit scheme amounted to R1 751 million which exceeded the actuarial present value of accrued benefit obligations of R1 678 million. The next actuarial valuation of the scheme will be undertaken during 2001.

The latest audited financial statements of the defined contribution schemes all reflect a satisfactory state of affairs.

An amount of R29 million was expensed during the year in respect of the defined benefit scheme and R16 million in respect of the defined contribution schemes.

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 accumulated provision for which, remains unchanged at R146 million and adequately covers the actuarially determined estimated liability of the Group.

22. GUARANTEES AND CONTINGENT LIABILITIES (Rmillion)

	Group 1999	Group 1998	Company 1999	Company 1998
Guarantees	16	37	1	27
Contingent liabilities	21	15	11	6
	37	52	12	33

23. CAPITAL EXPENDITURE COMMITMENTS (Rmillion)

	Group 1999	Group 1998	Company 1999	Company 1998
Contracted	85	129	35	40
Approved but not contracted	146	306	34	57
	231	435	69	97

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

24. RELATED PARTY TRANSACTIONS (Rmillion)

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

The outstanding balances at year end are as follows:

	Group 1999	Group 1998	Company 1999	Company 1998
Included in:				
Accounts receivable	7	5	7	5
Cash resources	165	250		250
Accounts payable	2	4	2	4

25. SUBSIDIARIES ACQUIRED (Rmillion)

Details of the fair values of assets and liabilities of subsidiaries acquired during the year:

Property, plant and equipment	181
Investment in associate	24
Current assets	28
Interest-free liabilities	(55)
Borrowings	(178)
Deferred taxation	(19)
Minority interests	(7)
Share of net liabilities	(26)
Goodwill	49
Consideration	23

26. FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist primarily of cash deposits with banks, money-market instruments, short-term investments, accounts receivable and payable, and loans to and from associates and others. The book value of financial instruments approximates fair value.

In the normal course of its operations, the Group is inter alia exposed to credit, currency, interest, liquidity and commodity price risk. In order to manage these risks, the Group may enter into transactions which make use of financial instruments. They include foreign currency forward contracts and options, interest rate swaps and commodity futures and options. The Group does not speculate in or engage in the trading of financial 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. 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. Gains and losses on these hedging transactions are recorded in earnings on maturity.

There were no speculative positions in foreign currencies at year end. The Group has entered into certain forward exchange contracts which do not relate to specific items appearing in the balance sheet but were entered into to cover foreign commitments not yet due and proceeds not yet receivable. The contracts will be utilised for purposes of trade during 2000. Details of these contracts are as follows:

		1999			1998	
Foreign currency	Foreign amount (million)	Rate	Rand amount (million)	Foreign amount (million)	Rate	Rand amount (million)
Bought						
US dollars	18	6,32	116	1	6,34	8
German marks	9	0,29	32	19	0,27	73
Pounds sterling	1	10,07	8	1	12,45	10
Swiss francs	3	0,24	13	1	0,19	5
Other currencies			8			16
Sold						
US dollars	7	6,33	41	6	5,95	38
Other currencies			1			2

Interest rate and liquidity risk
Fluctuations in interest rates impact on the value of short-term cash investments and financing activities, giving rise to interest rate risk. The Group cash management system enables the Group to ensure surplus funds are invested in a manner to achieve maximum returns while minimising risks. The Group is able to access substantial banking facilities if required.

Commodity risk
Commodity risk arises from the risk of an adverse effect on current or future earnings resulting from fluctuations in the price 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 cash and put options.

Fair value
The fair value of off-balance sheet foreign currency and commodity derivative instruments at year end in aggregate reflected an unrealised deficit of R3 million.

DETAILS OF PRINCIPAL SUBSIDIARY COMPANIES AND JOINT VENTURES

	Interest of Holding Company (Rmillion)			
	Shares		Indebtedness	
	1999	1998	1999	1998
SUGAR DIVISION	280	193	(54)	(19)
Tongaat-Hulett Sugar Limited				
Tambankulu Estates Limited (Swaziland)				
Açucareira de Moçambique, SARL (Mozambique) (75%)				
STARCH & GLUCOSE DIVISION	15	15	(21)	(21)
African Products (Pty) Limited				
ALUMINIUM DIVISION	7	7	243	339
* Hulett Aluminium (Pty) Limited (50%)				
PROPERTY DIVISION			159	136
Moreland Estates (Pty) Limited				
BUILDING MATERIALS DIVISION	24	24	(24)	(24)
Corobrik (Pty) Limited				
TEXTILES DIVISION	6	6	(6)	(7)
Tongaat Textiles (Pty) Limited				
GROUP ADMINISTRATION	54	55	8	43
Tongaat-Hulett Properties Limited				
+ Triangle Sugar Corporation Limited (Zimbabwe)				
	386	300	305	447

* 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.

SENIOR MANAGEMENT

GROUP

ADMINISTRATION:
Chief Executive: C.M.L. Savage
Group Financial Director: E.S.C. Garner
Group Executive Director: J.B. Magwaza
Group Executive Director: S.J. Saunders
Group Financial Manager: D.G. Aitken
Group Human Resources Director: M. Serfontein
Group Strategic Planning Director: J.D. Ralph
Group Secretary: M.A. Kennedy
Group Purchasing Manager: A. Kershaw
Group Projects Manager: J.D. Wood
Group Treasury Accountant: M. Angel
Group Systems Consultant: R.A.S. Cassels
Group Information Technology Manager: R.C. Duckworth
Group Accountant: D.J. Ebenezer
Group Medical Consultant and Safety, Health and Environment Manager: R.B. Hawkes
Group Human Resources Development Manager: P. Mnganga
Group Corporate Planning Manager: N.N.G. Naidoo
Group Horticultural Manager: C.W.H. Pellew
Group Tax Manager: M.J. Sandiford
Group Office Accountant: Z.A. Mahomed

SUGAR

TONGAAT-HULETT SUGAR:
Managing Director: B.G. Dunlop
Financial Director: P.T. Varty
Operations Director: P.A. Prince
Business Development Director: D.F.M. Gass
Commercial Director: P.D. McKerchar
Technical Director: M.S. Greenfield
Human Resources Director: M.M. Kumalo
Company Secretary: J.E. Smith

ADMINISTRATION:
Financial Manager: S.L. Slabbert
Information Systems Manager: B.S. Snelling
Administration Manager Refinery: E.F. Lawson
Industrial Relations Manager: A.J. Fuggle

OPERATIONS:
General Manager Amatikulu: R. Carr
General Manager Darnall: D.M. van den Berg
General Manager Entumeni: R. Rambaram
General Manager Felixton: R.P. Scott
General Manager Maidstone: E.L. Muller
General Manager Refinery: D.M. Meadows
General Manager Agriculture: J.P. Boyce
Business Manager: M.R. Fell

MARKETING:
Warehousing and Distribution Manager: S.L. Paul

TAMBANKULU ESTATES:
Managing Director: J.P. Hughes
Financial Manager: P.F. Clark
Agricultural Manager: G.W. White

TONGAAT-HULETT AZUCAR:
General Manager - Mozambique: M.R.D. Robert
Marketing Manager: D.S. Wilkes
General Manager - Xinavane: E.C. Gilfillan
Project Director - Xinavane: R.D. Archibald
General Manager - Mafambisse: J. Clark

VOERMOL FEEDS:
Managing Director: J.M. Clelland
Sales and Marketing Director: P.T. Strydom
Technical Director: J. Coetzee

STARCH & GLUCOSE

AFRICAN PRODUCTS:
Managing Director: G.P.N. Kruger
Divisional Operations Director: P.J. Henning
Financial Director: A.T. Potgieter
Human Resources Director: W.J. Hazewindus
Director Management Systems: M.N. Mohale
Director Speciality Products: D.F. Marais
Marketing Director: S.J. Krook
Technical Director: A.J. Brady
Operations Director Cape: R.S. Thorsen
Operations Manager Germiston: C.V. Macu
Operations Director Kliprivier: J.W. Sanetra
New Business Development Manager: D. Botha
National Sales Manager: M. Willoughby
Industrial Relations and Human Resources Operations Manager: B Gumede

ALUMINIUM

HULETT ALUMINIUM:
Managing Director: P.H. Staude
Financial Director: A. Fourie
Human Resources Director: T.K. Mshengu

ROLLED PRODUCTS:
Managing Director: P.H. Staude
Operations Director: D.F. Timmerman
Director Packaging Markets: F.B. Bradford
Director General Engineering and Building Markets: M.H. Munro
Project/Manufacturing Director: M. Freire
Deputy Project Director: R.C. Stone
Director of Technology: D. Rumelin
Director Foil Mill: M.Z. Mkhize
Director: R. Govender

EXTRUSIONS:
Managing Director: C.J. Little
Commercial Director: I. Reuning
Manufacturing Director: D. Williams

PROPERTY

MORELAND ESTATES:
Managing Director: G.R. Hibbert
Planning and Development Co-ordination Director: C.P. Brink
Industrial and Commercial Development Director: K.J. Forbes
Residential Development Director: D.T. Jollands
Financial Director: J.P. Thessal
Property Management Director: I.P. Hunter

BUILDING MATERIALS

COROBRIK:
Managing Director: P.C. du Trevou
Sales and Manufacturing Director: H.O. Voorma
Financial Director: C.J. Lee
Human Resources Director: S.R-C. Sosibo

OPERATIONS:
Sales Director: K. Bowers
Sales Director Cape: R.S. Taylor
Manufacturing Director: C.H. Lemley
Director of Industrial Relations: S.A. Feist
Director of Marketing: D.H.C. Vincent
Director of Business Development: K.J. Mlambo
Director of Sales Western Cape: M.D.J. Ingram
Director of Sales KwaZulu-Natal: P.C. Kidger
Director of Information Technology: K.A. Norris
Financial Manager: R.C. Forster

TEXTILES

TONGAAT TEXTILES:
Managing Director: T.D. Rye
Manufacturing Director: A. Broughton
Human Resources Director: J. Daniel
Sales and Marketing Director Apparel: S. Naidu
Sales and Marketing Director Furnishings: A.W. Robertson
Financial Director: R. Sewpersad

DAVID WHITEHEAD AND SONS:
Quality Director: D. Bophela
Commercial Director: R. Maharaj
Planning Director: B. Munday

WHITEHEADS HOME TEXTILES:
Product Director: S. Schofield
Production Director: R.A. Wright

WHITEHEADS FABRICS:
General Manager: M. van Straaten

WHITEHEADS FABRICS (UK):
General Manager: M. Beaton

TRIANGLE SUGAR CORPORATION

Managing Director: S.J.M. Cleasby
Financial Director: S.G. Potts
Technical Director: C.M. Wenman
Agricultural Director: A.J. Bosch
Commercial Director: S.A.P. Nortier
Human Resources Director: R.T. Karidza
Health Services Director: A.B. Morar

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THE TONGAAT-HULETT GROUP LIMITED ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 1999

1999

ANNUAL REPORT

for the financial year ended 31 December 1999

The Tongaat-Hulett Group Limited