The Tongaat-Hulett Group Limited

Annual Report 2002

Annual Report for the year ended 31 December 2002

Financial Highlights

Revenue up 22% to R6,1 billion

Operating earnings up 24% to R738 million

Unrealised translation loss of R151 million

Headline earnings per share down 36% to 388,1 cents

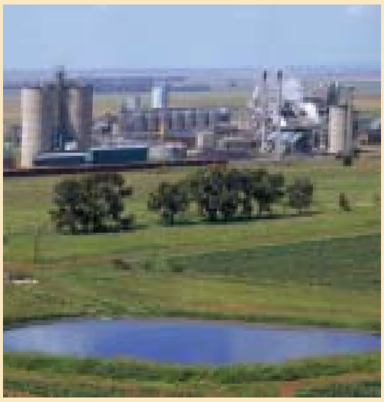
Headline earnings per share excluding translation adjustment up 30% to 523,4 cents

Unchanged annual dividend of 270 cents per share

2002

Contents

Group Activities



African Products

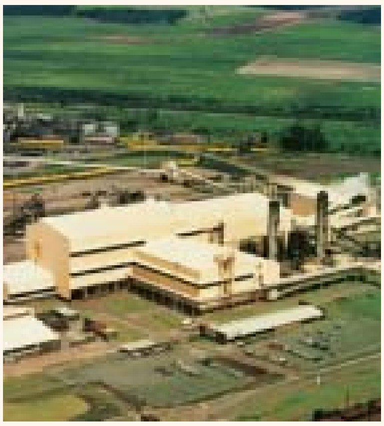
African Products is the continent's largest manufacturer of starch and glucose with mills at Kliprivier, Germiston, Meyerton and Bellville producing modified and unmodified starches, glucose, maltose and dextrose syrups, glucose powders, caramel colour, sorbitol, maize germ, high protein gluten meal, gluten feed and corn steep liquor. While its primary activity is the extraction of starch and glucose from maize, African Products is also investigating other opportunities in agro-processing.

Hulett Aluminium

Hulett Aluminium is a world-class manufacturer of high value semi-fabricated aluminium products for supply to a growing domestic and international customer base. Its principal business, the manufacture and sale of aluminium rolled products, is based at Pietermaritzburg, which plant has recently undergone a R2,4 billion expansion. Its aluminium extrusion business, Hulett-Hydro Extrusions, has plants in Pietermaritzburg, Midrand, Cape Town and Harare. Hulett Aluminium also has a number of downstream operations involved in the distribution of aluminium products and the manufacture of a diverse range of products which include rigid foil containers, high pressure aluminium cylinders and cladding products for the building industry.

Moreland

Moreland is a leading land developer and its activities cover all market sectors in the prime coastal strip north of Durban. Residential and resort projects are located at Mount Edgecombe, La Lucia Ridge and Zimbali. Commercial projects are at La Lucia Ridge and Umhlanga Ridge, while its private/public partnership developments with the eThekwini Municipality are taking place at the Point Waterfront and RiverHorse Valley Business Estate. It also has industrial park developments at Briardene, Mount Edgecombe, Canelands and Empangeni.



Tongaat-Hulett Sugar

Tongaat-Hulett Sugar is a world leader in sugar milling technology. With more than a century of experience in the production of raw and refined sugar, it continues to focus its energies on cane growing, sugar milling and refining at its operations throughout the Southern African region. It has five mills and a central refinery in South Africa, two mills in Mozambique, one in Zimbabwe and extensive cane fields in each of these countries as well as Swaziland. Tongaat-Hulett Sugar is also engaged in the production of ethanol, burning of bagasse for electricity generation, and the manufacture of livestock feeds from bagasse and molasses.

2002 Milestones

Zimbali Coastal Resort

Virtually all remaining properties on the seaward side of the M4 motorway were sold in 2002 including the last "ocean view" hotel site. This should result in the construction of two hotels in 2003/4 to complement the world-class Afrisun Zimbali Lodge.

Dextrose Monohydrate Expansion

The completion of the dextrose monohydrate plant at Germiston boosted capacity from 5 000 tons to 8 500 tons per annum to supply a rapidly growing local market and enhance African Products' export potential.

Gauteng Exporter of the Year

The record level of exports achieved in 2001 and during the first half of 2002, saw African Products being awarded the distinction of "Gauteng Exporter of the Year for 2002".

Huletts® Brand

The Sunday Times Markinor survey of South Africa's top brands voted Huletts® the fifth most admired food brand measured in terms of awareness as well as trust and confidence.

Tambankulu Estates

The estate registered a record yield of 17 tons sucrose per hectare, confirming Tambankulu's stature as one of the world's most productive cane estates.

Downstream Success

Hulett Cylinders, a manufacturer of high-pressure cylinders, increased revenue by 67 percent in 2002 and is establishing itself as a major force in both the domestic and international market.

Can Stock Success

Hulett Aluminium supplied material to Bevcan for the manufacture of 26 billion can ends, without a single kilogram being rejected. This is a remarkable achievement given the technically demanding nature of this rolled product.

Xinavane Commissioning

The commissioning of the rehabilitated Xinavane mill has established a platform for significantly increased sugar production from this Mozambique operation.

The Tongaat-Hulett Lead Team regularly meets in the Phambili Room at Amanzimnyama. The Zulu word "Phambili" literally means "going forward with power, insight and passion".

From left to right

Alan Fourie
Managing Director, Hulett Aluminium

Gordon Hibbert
Managing Director, Moreland

Nico Kruger
Managing Director, African Products

Menanteau Serfontein
Group Human Resources Director

Steven Saunders
Chairman, Tongaat-Hulett Sugar and Moreland

The emphasis is on providing leadership and direction on Group wide issues encouraging a pro-active, innovative and participative approach.

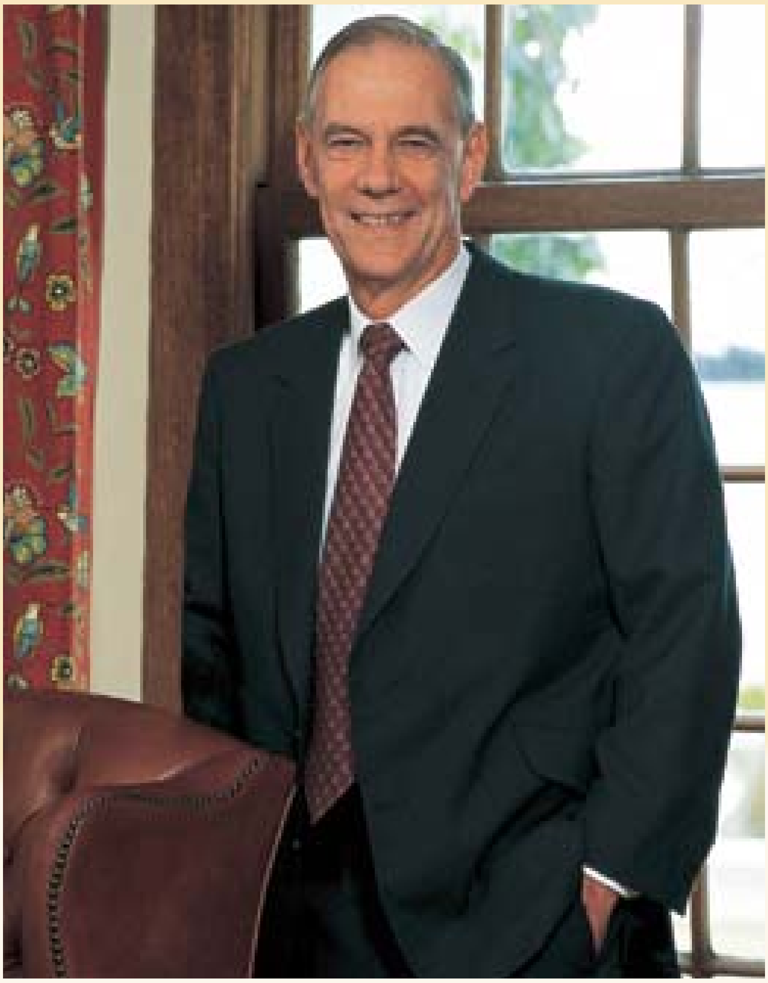
Peter Staude
Chief Executive

JB Magwaza
Executive Director

Doug Aitken
Group Financial Director

Bruce Dunlop
Managing Director, Tongaat-Hulett Sugar

Chairman's Statement



A key feature over the past few years has been Tongaat-Hulett's ability in an increasingly complex business environment to consistently grow revenue, operating earnings and cash resources.

"The Group is a Southern African based organisation and is committed to contributing positively to the region's future."

It is pleasing to note that the above-mentioned trend continued through 2002 resulting in the Group being in a net cash position after meeting the major costs on the expansion projects at Hulett Aluminium and African Products. However the volatility of the Rand has led to a large swing in earnings, primarily as a result of exchange rate translation effects on offshore cash reserves. Despite the consequential drop in earnings per share compared to last year, the total dividend for 2002 has been maintained at 270 cents per share.

The South African economy has proved resilient and continues to grow. In this regard the Ministry of Finance and the Reserve Bank deserve credit for managing the economy extremely well. Also, the Ministry of Trade and Industry has played a major role in stimulating the regional economy of the Southern African Development Community and in facilitating co-operation among the member states. The Tongaat-Hulett Group has for many years been involved in Zimbabwe through its sugar operations at Triangle and is hopeful that a peaceful solution to the critical issues facing Zimbabwe will be found in the context of regional stability and progress. The spirit of co-operation being fostered by President Mbeki in driving NEPAD, and indeed the formation of the African Union, is to be encouraged as a means of further promoting Africa's share of world trade.

The pending World Trade Organisation (WTO) negotiations in 2003, particularly the meeting of its 145 members planned in Mexico in September this year is of significance to the Group because the outcome will affect the competitiveness of the Group's wide range of products from agriculture based activities through to manufactured aluminium products. In these negotiations it will be essential for the richer developed countries to meaningfully compromise on their agricultural subsidies to assist the poorer developing countries in advancing economically through increased trade and not aid. Fortunately, the South African government delegation, directed by the Minister of Trade and Industry, has a competent team representing our country's interests and we wish them the greatest success in their endeavours. The other important issue on the WTO agenda affecting developing countries is that of Trade-Related Aspects of Intellectual Property Rights (TRIPS) affecting the patent rights and cost implications of medicines, particularly for the curing of TB, HIV/AIDS and malaria. The agricultural subsidies and TRIPS issues are probably the two most sensitive of the 30 topics on the WTO agenda that could make or break the Doha round, but are likely to delay its conclusion beyond 2004.

The Group is a Southern African based organisation and is committed to contributing positively to the region's future. It subscribes to the values aimed at instilling democratic and accountable governance and already complies with the King I recommendations on corporate governance. It expects to fulfil the requirements of King II by the end of 2003. The board considers the triple bottom line, which in addition to profit objectives also includes due consideration of environmental issues and social responsibility, as being a key business imperative. In this context, the Group has continued its progress in Black Economic Empowerment (BEE) initiatives and implementing the legislative provisions of employment equity. As a result of pre-planned initiatives, the procurement expenditure from BEE entities in 2002 has increased by 35 percent to R533 million and achievements on employment equity have gone beyond mere compliance with the legislation.

Peter Staude assumed the role of CEO in May 2002, and in a relatively short period he has ably led the Group's management to achieve meaningful results. He has brought fresh ideas and energy to the position and his constructive influence is being felt throughout the Group. The board has every confidence in his skills and ability to lead the Group successfully into the future.

We are fortunate indeed to have considerable depth and experience, not only on our board, but also in the management throughout the Group. The role played by our non-executive directors and the wide-ranging skills and balance that they bring to board deliberations is greatly valued and appreciated by myself. It was pleasing in May 2002 to congratulate Alan Fourie on his appointment as managing director of Hulett Aluminium and welcome him to the board. A warm welcome is also extended to Andrew Thompson, the CEO of Mondi who joined the board in July 2002. I would like to take this opportunity to thank Tony Trahar and Ted Garner who resigned during the year for the important contributions that they made during their tenure.

In closing, I would like to pay tribute and thank my colleagues on the board for their advice, wise counsel and support. These thanks are extended to Peter, his executive team and all the people at Tongaat-Hulett for their dedication and contributions to the Group.

C M L Savage
Chairman

Amanzimnyama, Tongaat, KwaZulu-Natal
19 February 2003

Chief Executive's Review

I am pleased to report that the Group has delivered strong growth in volumes, revenue and operating earnings for the year to 31 December 2002.

"We have strengthened the cohesiveness of the top management team with managing directors of our operating companies playing a much greater role in Group wide matters."

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

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

We substantially improved on most of the fundamentals in our operating companies during 2002 as reflected in the strong operating earnings growth in African Products and Tongaat-Hulett Sugar, the volume growth, particularly in the last quarter in Hulett Aluminium and the increased cash generation from Moreland. At the end of the year, Tongaat-Hulett was in a net cash position for the first time since the commencement of the major investments in African Products and Hulett Aluminium. This is largely due to the substantial cash flows during the past four years coupled with no major new investments and notwithstanding increased dividend declarations. We now have a strong balance sheet which provides us with flexibility during these challenging times.

It is apt for us that the Rand was selected as the newsmaker of the year 2002. The Rand's volatility together with accounting policy changes have made year on year comparisons of our results a challenge.

Last year we were required to recognise unrealised losses/gains in a number of areas, the most significant being in relation to our offshore strategic cash holdings. The rapid weakening of the Rand towards the end of 2001 and the strengthening towards the end of 2002 created an enormous swing. The net effect on profit over the two years remained positive. The results for 2001 have been restated for accounting policy changes following the adoption of agricultural accounting, the consequent move away from sugar seasonal accounting and the change in maize derivative accounting. Comparable earnings over the two years confirm strong growth.

We felt it opportune to review how we do things within Tongaat-Hulett following the streamlining of the Group in 2001 and with Cedric Savage handing over responsibilities to me in May 2002. Over the past few years we had established a sound base from which to move forward. The Group now consists of four top class operating companies and we are fortunate that we are not looking for revolution but evolution, with an enormous sense of urgency.

As a Group, we are at the stage of our journey where we are emphasising the concept of creating a corporate parenting advantage for each of our companies – a corporate parent that best enables these businesses to be energised, to excel, to prosper and develop to their full potential all in a culture of interdependency. In creating this interdependency, we do not see the corporate centre as one limited to the physical location of Amanzimnyama at Tongaat. We are instead emphasising the leadership roles played by key individuals throughout the Group when looking at issues from a Group wide perspective.

We have strengthened the cohesiveness of the top management team with managing directors of our operating companies playing a much greater role in Group wide matters. Priority has been given to the introduction of methodologies and approaches to move the Group towards being more pro-active, participative and action orientated. We often use the Zulu word "Phambili" which literally means "going forward with power, insight and passion", and that is exactly what we, as a new Tongaat-Hulett Lead Team are doing.

Recent events affecting equities worldwide have been a cruel reminder to many that the fundamentals of business still apply; that at the end of the day, we need corporate groupings that enable companies within it to grow and prosper.

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

Tongaat-Hulett employs some 30 000 people throughout the sub-continent. We leverage our diversity as a competitive strength and promote the achievement of exceptional performance within a team environment. We now have within our South African operations a 42 percent black representation in management and a 73 percent black representation at skilled levels. Our focus currently is on improving African and female representation.

We have re-energised our approach and effectiveness in developing new growth and investment opportunities. This is particularly important after focussing on unlocking value from the African Products and Hulett Aluminium expansions over the past few years.

Over the past two years, we have approved some R550 million for investment in projects all focussed on unlocking more value from our existing businesses.

We now have task teams working on a number of growth and investment opportunities. These are at various stages of development ranging from investigating early ideas to being at the point where a decision whether to proceed or not is required. Our strong balance sheet gives flexibility in the pursuit of value creation. The Group could easily cope with an investment pace of some R1,4 billion per annum over the next three years.

A comprehensive and holistic HIV/AIDS programme underpinned by prevention, treatment, care and support is now in place at all our South African operations with substantial progress being made outside South Africa. The programme was recently extended to include the provision of anti-retroviral treatment to employees within South Africa.

We renewed our efforts to raise our safety performance at all locations and lost time injuries dropped by 22 percent compared to 2001 with a 29 percent reduction in the number of shifts lost due to injuries. We have a target of zero fatalities. During 2002, regrettably, two employees and three contractors lost their lives in our operations. Four of these fatalities occurred in our sugar operations, the other fatality occurred at the Hulett Aluminium plant at Pietermaritzburg - serious reminders of the need to keep pressure on the systematic improvement of safety in all parts of our organisation.

Review of operations

African Products

African Products delivered a strong performance in 2002. Overall volumes grew from 578 000 tons in 2001 to 616 000 tons driven by ten percent growth in domestic sales. A drop in export volumes from 71 000 tons in 2001 to 64 000 tons, precipitated by the high maize price and a strong Rand was off-set by improved product mix that realised higher margins. Operating earnings for the year were R220 million (2001- R199 million).

During the year African Products changed its accounting policy for maize procurement contracts and in compliance with AC 133 (Financial Instruments: Recognition and Measurement) now marks-to-market derivative instruments. As a consequence operating earnings for 2002 have reduced by R20 million and those for 2001 have increased by R51 million.

Hulett Aluminium

In a year in which the international market has seen depressed demand and pressure on margins, Hulett Aluminium increased revenue by 28 percent to R3,2 billion, showing a 35 percent compound annual growth rate over the last three years. Growth in sales volumes was achieved in both local and export markets, including increased sales of more profitable products. Rolled Products sales volumes in the last quarter improved significantly and were 23 percent ahead of the average sales in the first nine months of the year.

The financial benefits of the improved sales during the last quarter were offset by pressure on international rolling margins and by the sharp movement in the value of the Rand. Operating earnings grew by two percent to R272 million, the Group's 50 percent share of which amounted to R136 million (2001 – R134 million).

Moreland

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

Tongaat-Hulett Sugar

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

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

Outlook

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

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

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

Appreciation

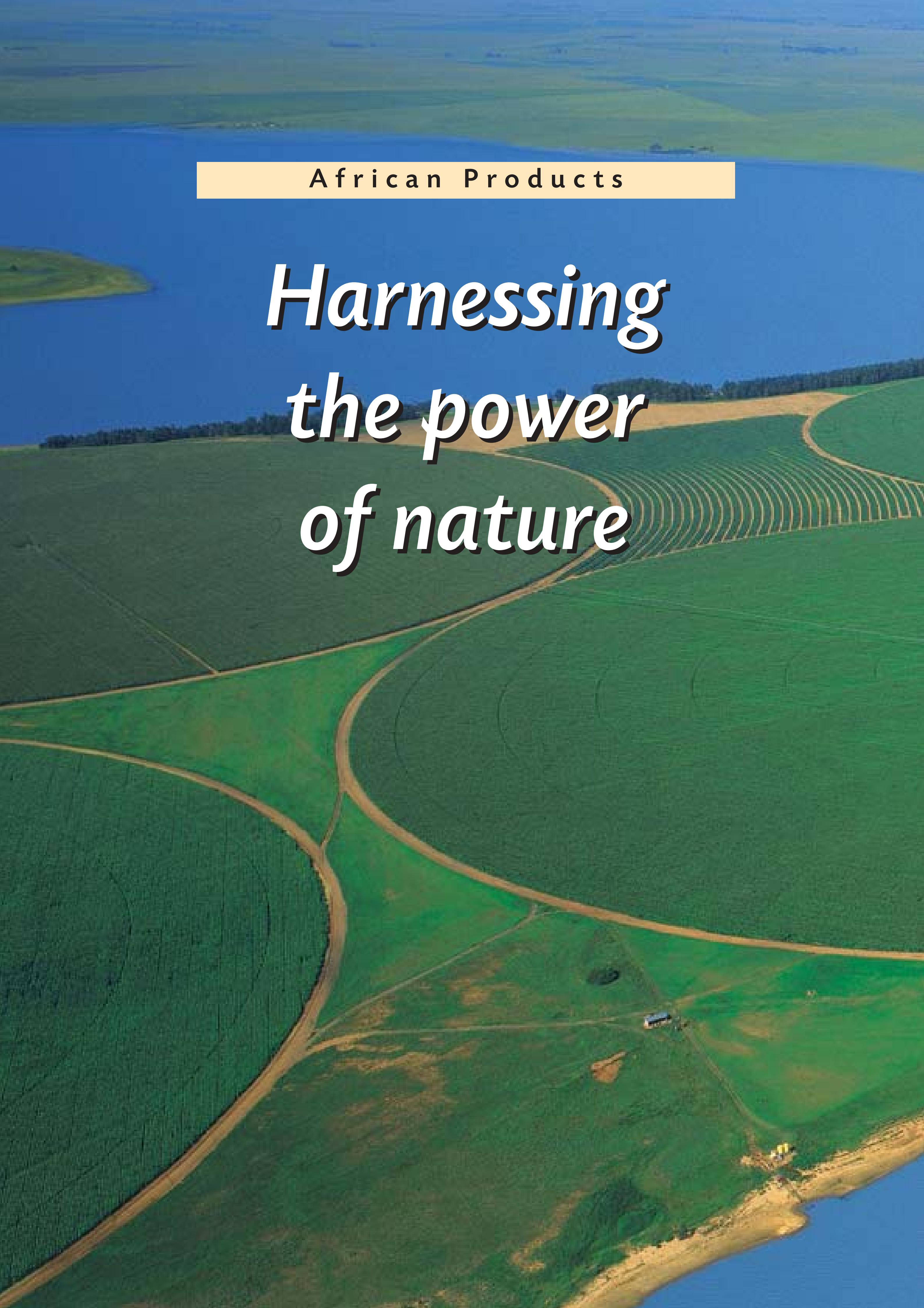
2002 was a year of transition for Tongaat-Hulett and I thank employees at all levels for their dedicated efforts and ongoing positive commitment to continue to make this a Group of which all stakeholders can be proud. I am particularly appreciative of the way Cedric Savage provided me with support and leadership when required. We are fortunate to have a board with non-executive directors of considerable experience and a wide spectrum of backgrounds. The Group has benefited from their wise counsel during the year.

Peter Staude
Chief Executive

Amanzimnyama, Tongaat, KwaZulu-Natal
19 February 2003

African Products

Harnessing the power of nature



African Products, the continent's premier wet miller, converts almost 600 000 tons of maize each year into starch and its derivatives.

Also derived from other sources including wheat, cassava and potato, starch is one of nature's most versatile raw materials. It finds application in virtually all spheres of contemporary living, be it foodstuffs, printing, packaging, construction, textiles, brewing, baking or pharmaceuticals.

Starch's true potential has yet to be realised – a challenge African Products has embraced with enthusiasm.

Placing a strong emphasis on new product development, we are currently engaged with a range of projects including the testing of starch as a depressant in the mining industry, as a component in plastic, and as part of technology to produce desiccants in packaging.

African Products is also investigating alternative sources of starch and other agricultural products and will commission a guar modification plant in mid-2003. Also under consideration is capital expansion at Meyerton to add value to waxy modified starches.

Pursuing a balanced strategy to serve the domestic and export markets, African Products is poised to capitalise on opportunities to realise the untapped potential of starch as a base material.

African Products

"Everyday we touch the lives of millions of consumers ... our new product development continues to create opportunities and open up markets in Africa and around the world ..."

African Products delivered a strong performance in 2002. Overall volumes grew from 578 000 tons to 616 000 tons, with local sales growing from 507 000 to 552 000 tons. This resulted in operating earnings of R220 million, after AC 133 adjustments.

African Products has ceased to account for its SAFEX maize purchasing activities as executory contracts and in compliance with AC 133 marks-to-market the value of its derivative instruments at the end of each accounting period. As a consequence, operating earnings for 2002 of R240 million have reduced by R20 million and restated operating earnings for 2001 have increased by R51 million.

Local Market Developments

African Products registered strong domestic growth of ten percent in 2002. This growth was driven by a number of factors, including new business initiatives, increased utilisation of products in some sectors, a growth in exports by African Products' customers, and import substitution prompted by the weak Rand which prevailed for most of the year.

Growth was broad-based but the market sectors that performed particularly well included confectionery, spray drying, canning, prepared foods, beer brewing, paper converting and paper making.

An exceptionally busy seasonal peak in October and November placed pressure on production capacity which will be alleviated once grind capability at Kliprivier has been increased to 1 200 tons per day. A study to investigate African Products' glucose syrup production capabilities is also underway.

Export Market Developments

Following a period of relatively flat export growth from 1998 to 2000, African Products posted record exports in 2001 and the first half of 2002. Exports to unattractive markets were selectively reduced in the second half of 2002 as a result of the higher maize price and the strengthening of the Rand.

This resulted in a drop in export volume from over 71 000 tons in 2001 to 64 000 tons in 2002. Export contribution rose by 24 percent due to an improvement in the mix of exports and the relatively weak Rand compared to the previous year.

International Trends in Starch and Glucose

The trend among international starch producers is to explore opportunities that add value to starch through new product and application development and includes such applications as polymers for use in bio-degradable plastics.

Major international players continued to develop the industry in the East, particularly in China and Thailand.

Interest in cassava as a source of starch has continued to develop and Corn Products, African Products' technical partner, has just commissioned the world's largest cassava plant in Thailand.

New Business Development

African Products continues to develop its range of products and investigate new projects. In volume terms, value-added products grew by 17 percent in 2002.

A number of projects have been initiated and will be commissioned early in 2003. These include a R10 million expansion to Germiston's dextrose monohydrate plant, an R18 million expansion to its maltodextrin spray tower, and the installation of a R10 million plant to modify guar flour into products for the mining industry. Extracted from the guar bean, the guar flour project represents a departure for African Products from the traditional raw material of maize.

Plans are under consideration for further capital expansions at Meyerton to widen the range of waxy modified starches.

A number of long-term projects are underway to investigate new uses for starch, together with projects to harness new production technologies for the manufacture of higher value products.

Maize Market Trends

The last few years have been characterised by high volatility in the South African maize market.

During the planting season of 2001, African Products purchased significant quantities of maize, for use in 2002, at competitive prices, albeit still at levels 40 percent higher than the 2000/1 season. This unfortunately resulted in African Products having to implement significantly higher product prices for 2002.

The price of maize rose sharply during the last quarter of the 2002 planting season, and African Products has contracted a large portion of its maize requirements for 2003/4 at prices higher than 2002. Although the price of maize has since declined, the overall impact of the price movement will result in a significant increase in maize costs.

Outlook

Local volumes are projected to show positive growth in 2003 and the drive on exports will be maintained. This will be supported by continued focus on new developments and higher value products. Initiatives are in place to reduce both variable and fixed costs.

The stronger Rand and high maize price will put pressure on margins and the mark-to-market accounting requirements of AC 133 is expected to further impact African Products' results, particularly in the first half of the year.

Hulett Aluminium

Challenging the paradigms

Firmly based in Southern Africa, Hulett Aluminium is successfully challenging the aluminium industry paradigm that manufacturing enterprises need to be located close to end-users in high-cost regions of the world.

The success of its strategy is underpinned by investment in state-of-the-art equipment and technology, together with a dynamic business methodology that is driven by an uncompromising focus on customer requirements.

Appealing to a large and diverse market, much of Hulett Aluminium's strength resides in its independence in an industry which is dominated by a few large integrated multinational producers.

To this end, we supply products with specifications and service levels that are compatible with the manufacturing requirements of customers, rather than viewing rolling and extrusion as mere conversion processes.

Having built a formidable reputation as a globally competitive semi-fabricator of aluminium products, Hulett Aluminium is rolling out an ambitious growth strategy that is driven by the exacting needs of customers, the imperatives of developing downstream capacity, and the promotion of industrial growth in Southern Africa.

A progressive employment equity strategy plays a critical role in shaping the organisational culture and Hulett Aluminium's leadership increasingly reflects the demographic profile of the region with 46 percent of middle and senior management levels being black.

"We have the capability to double our international market share over the next three years."

In a year in which the international market has seen depressed demand and pressure on margins, Hulett Aluminium has increased revenue by 28 percent to R3,2 billion, showing a 35 percent compound annual growth rate over the past three years.

Growth in sales volumes was achieved in both local and export markets, including increased sales of more profitable products. Rolled Products sales volumes in the last quarter improved significantly and were 23 percent ahead of the average sales in the first nine months of the year.

Financial Results

Results in the first half of the year were positively influenced by the weakness of the Rand. Sales volumes grew strongly in the second half and the resultant financial benefits were off-set by continued pressure on international rolling margins and the sharp strengthening of the Rand. As a result, operating earnings grew by two percent to R272 million.

Export rolling margins, when converted into Rand, benefited in the first half and were lower in the second half of the year. There was also a negative impact in respect of the conversion of the export debtor book into Rand as well as the valuation at year end of forward exchange contracts associated with foreign loans. Strong working capital control contributed to a positive cash flow after capital expenditure, before interest, of R321 million for the year.

Growing our Market Positions

Hulett Aluminium has significantly grown its market presence over the past four years and is now supplying customers in 55 countries. Soundly managed market entry strategies are complemented by the supply of consistently high quality products. As a consequence of the protracted global manufacturing weakness and the international market slowdown, certain sectors have seen low demand and reduced rolling margins. Despite these tough conditions, Hulett Aluminium has grown its position in high margin and more technically demanding products, including M61 and M82 heat treated plate of which volumes have grown by 36 percent in the last year. While can end stock sales have been adversely effected by reduced demand in South America, the current order book indicates a recovery. Hulett Aluminium has now qualified as a supplier at 12 can plants worldwide and expects significant growth in the year ahead for these high value products.

At present there are numerous growth initiatives at various stages of the development cycle. These include selected

painted products, precision non heat treated plate, closure sheet and clad products for the automotive and building markets. The ability to rapidly progress these products from conception to commercial production lies in the unique product development process developed by Hulett Aluminium.

Sweating our Assets

A key factor in maximising profitability is to harness our maximum plant capacity, in tandem with meeting the increasingly demanding product specifications and quality requirements. Fully exploiting the installed capabilities of the facilities enables us to develop products that are higher up the product profitability curve. A tailor-made approach to sweating our assets has been developed for all manufacturing areas in conjunction with a product quality plan. Similarly, sustained improvements in the control of process variables within statistically calculated limits and benchmarks are ensuring that aspects such as surface quality are becoming differentiating factors for our customers to select our products. These initiatives contributed towards the increased output in recent months and provide a platform for further growth in 2003.

Growth in our Other Operations

While much of the recent focus has been on the expansion of the Rolled Products business, Hulett Aluminium's other operations are also well positioned to capitalise on a number of exciting growth opportunities.

Hulett-Hydro Extrusions has a major share of the architectural market sector in sub-Saharan Africa. In collaboration with the Rolled Products business, Hulett-Hydro Extrusions provides complete aluminium solutions to customers in other industries, particularly in the burgeoning transport sector and has evolved into an important supplier into the American and European road freight markets.

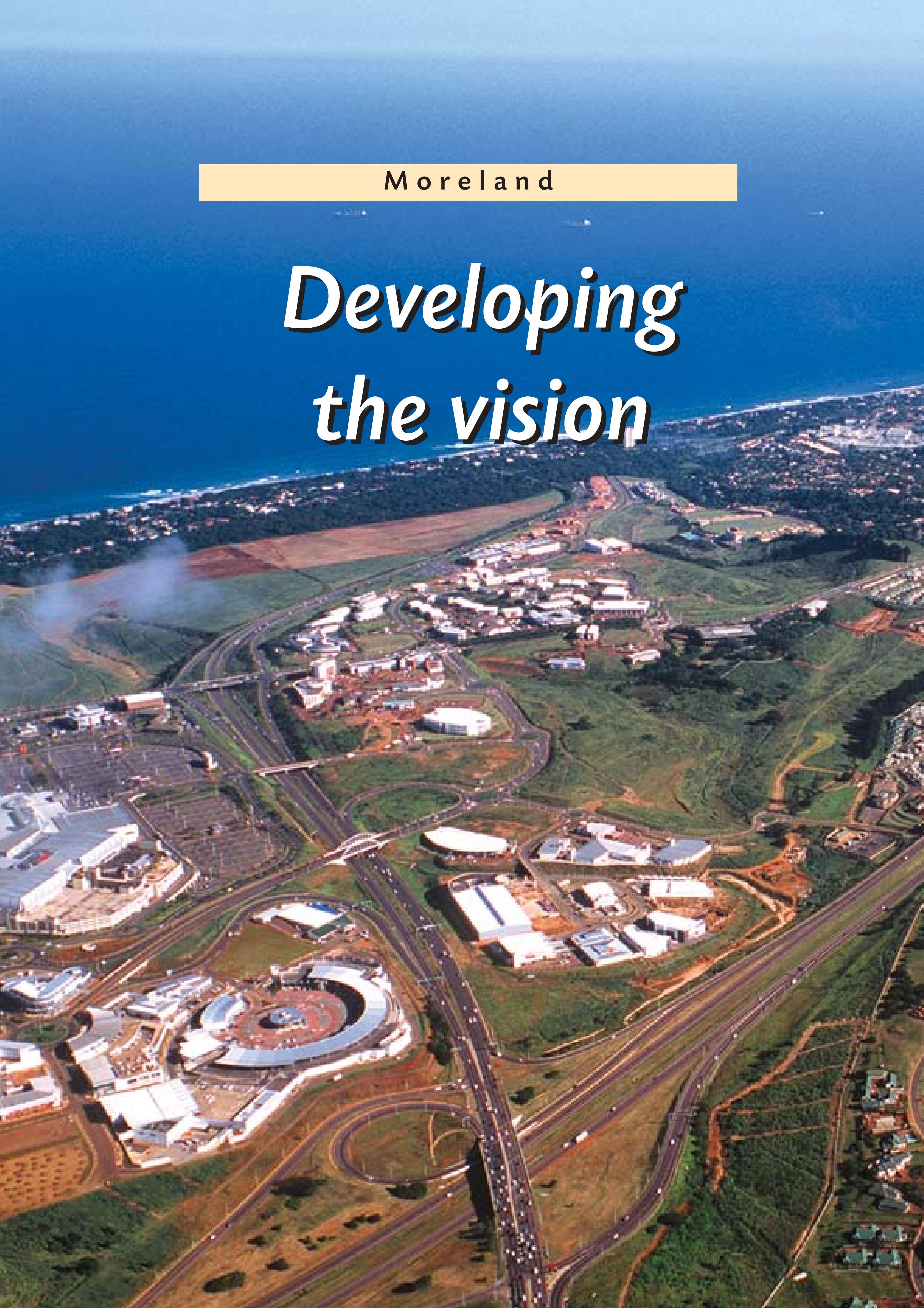
The Commercial Products businesses include the distribution of rolled and extruded aluminium, while other downstream operations supply products as diverse as rigid foil containers, composite panels for cladding, and high pressure gas cylinders. Particularly pleasing is the growth in exports of these products.

Outlook

All operations in Hulett Aluminium have strong order books and sales are expected to increase significantly in 2003. Margins are expected to remain under pressure for at least the first half of 2003. Earnings will also be influenced by the effect of movements in the exchange rate on export proceeds and on the valuation of working capital.

Moreland

Developing the vision



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

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

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

Keenly focussed on protecting, enhancing and unlocking the value of its landholdings and sustaining long-term growth in earnings and cash flow, Moreland faces the challenges of the future with confidence and enthusiasm.

Moreland

"Our focus is on creating the most sought after quality of life environment in Southern Africa."

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

The year under review saw substantial progress towards the realisation of Moreland's vision for an exemplary quality of life environment on the prime coastal strip north of Durban bringing the total investment in this area by Moreland and its customers over the past decade to R10 billion, approximately R500 million in 2002, a large proportion in the Zimbali Coastal Resort and Mount Edgecombe Country Club Estates.

The area also saw the construction of several new office buildings in the La Lucia Ridge Office Estate, epitomised by Unilever's magnificent national headquarters. Similarly, a number of retail buildings were commissioned in the Umhlanga Ridge New Town Centre, notably the Crescent Shopping Centre that supplements Old Mutual's 125 000 square metre R1,4 billion Gateway Theatre of Shopping complex.

During the year land development commenced in the RiverHorse Valley Business Estate, a joint venture with the eThekwini Council straddling the N2 freeway at Effingham. Also underway is the City-led and Moreland-directed uShaka



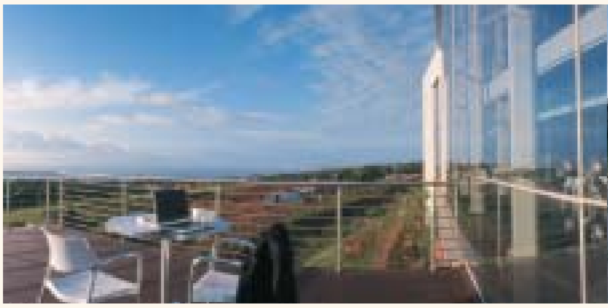
Island Marine Park at the Addington beachfront and the site for Afrisun KZN's Sibaya Casino resort at Umdloti.

A Sound Foundation for Growth

Moreland's development initiatives north of Durban over the past decade are widely acknowledged as having created one of South Africa's leading property growth nodes, which has attracted both local and national blue-chip investors and developers. This has been boosted recently by interest and sales to international investors and developers. The installation of major roads and services infrastructure needed to unlock the area, and the establishment of the Moreland brand in the South African property market, have provided a sound foundation for future growth. Substantial investment has also been made in building a small, professional and competitive multi-disciplinary in-house team, supplemented by effective management of outsourced property professionals and contractors. The focus on black economic empowerment saw the proportion of total spend increase to more than 35 percent during 2002.

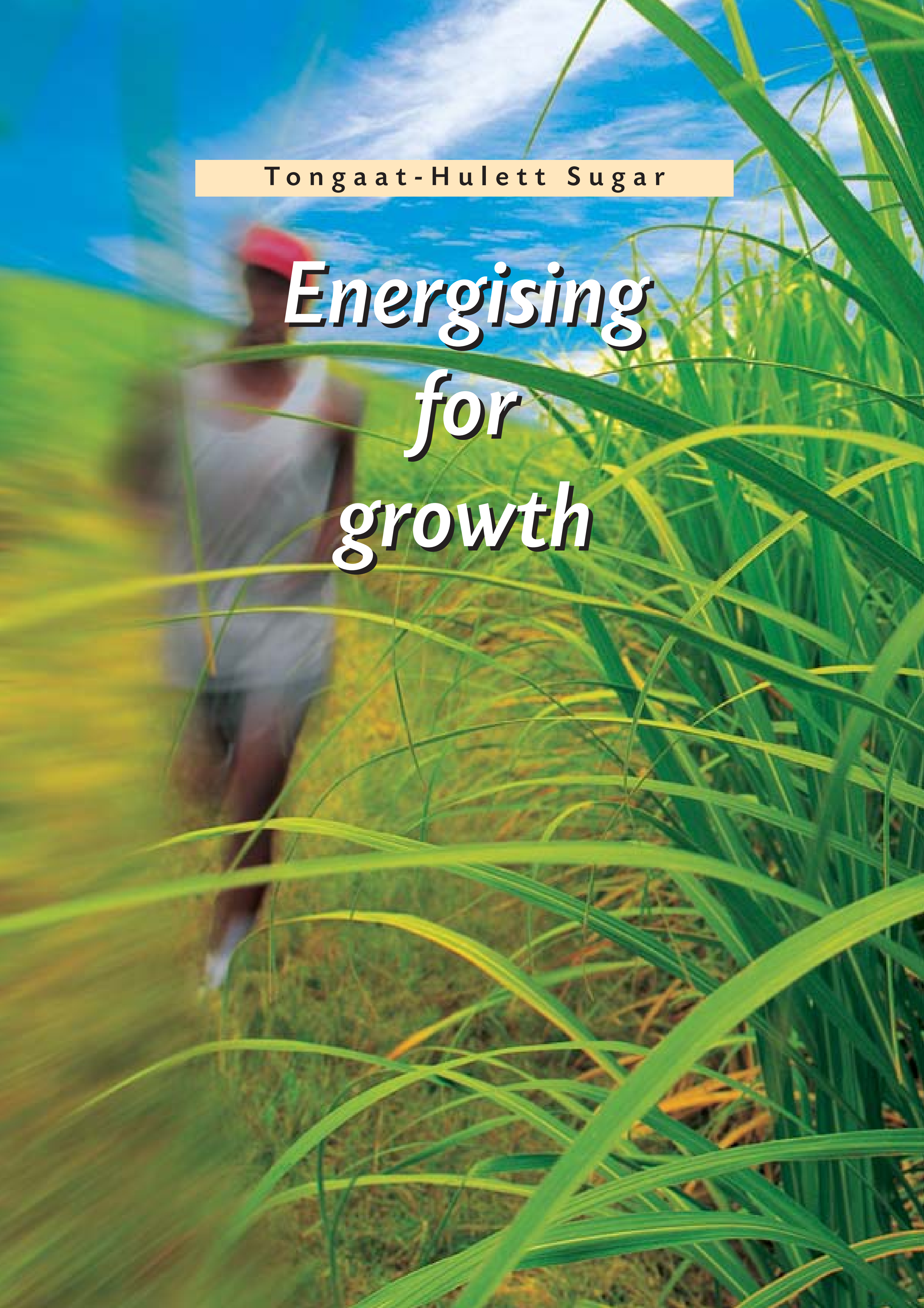
Outlook

Moreland has registered positive enquiry levels across all portfolios, particularly the RiverHorse Valley Business Estate. Exciting new residential project opportunities exist on the seaview sites at La Lucia Ridge (iLala), Umhlanga Ridge (iZinga), Umdloti and Zimbali South. There is also longer term potential to develop a further 10 000 hectares of prime land in the coastal strip between Durban and Tugela River. With anticipated reductions in interest rates and Durban property rates on development land in the year ahead, Moreland projects growth in earnings.




Tongaat-Hulett Sugar

Energising for growth



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

The foundation of Tongaat-Hulett Sugar's success remains the powerful Huletts® brand. In 2002 it was voted by independent survey the fifth most admired food brand in South Africa, measured in terms of awareness as well as trust and confidence.

With spare milling capacity available and our core competencies in cane growing, sugar milling and refining, we will continue to grow in the internationally competitive region of Southern Africa.

While world market prices can be expected to rise on production shortfalls induced by adverse climatic conditions, the long term solution to improving price levels generally lies in the elimination, under the auspices of the World Trade Organisation, of tariffs which afford protection to many high cost producers in the developed world.

Tongaat-Hulett Sugar is increasingly seeing opportunities in environmentally sustainable energy generation from sugar cane. Eskom has an important role to play to ensure that there is an economic return on electricity sold into the national grid from renewable sources such as bagasse in order to incentivise profitable investment in the co-generation of electricity at our sugar mills.

We continue to explore how we can expand ethanol production for use as a bio-fuel using cane juice or molasses - an initiative that is certain to grow in significance given sugar cane's sustainable and renewable properties.

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

"Huletts® – the sugar brand of choice for a full range of sweetener solutions."

Higher cane and sugar production, improved export realisations as well as increased yields and restructuring in Swaziland and Mozambique enabled Tongaat-Hulett Sugar to increase operating earnings by 49 percent to R420 million for the year to 31 December 2002.

The results incorporate the adoption of AC 137 (Agriculture) which requires growing crops to be fair valued and the consequent move away from seasonal accounting. The overall effect of the change was a reduction in operating earnings in 2001 of R39 million and an increase of R32 million in 2002.

Triangle Sugar, in Zimbabwe, which is accounted for to the extent that dividends are received, continues to operate resiliently in a difficult environment. In 2002 dividends received from Triangle totalled R71 million, net of withholding tax, representing a seven percent reduction on last year.

Production

Total sugar production in 2002 increased to 1,3 million tons, 16 percent up on 2001. The cane crush of 11 million tons in 2002 represents 84 percent of installed capacity compared to 75 percent in the 2001 year.

Sugar production in South Africa of 860 000 tons, was 14 percent up on the 756 000 tons produced last year. Although still down on the 969 000 tons sugar produced in the 2000 season, it represents a partial recovery to normal production levels as a consequence of better growing conditions and cane quality compared to the 2001 season.

In Swaziland, Tambankulu Estates produced the raw sugar equivalent of approximately 50 000 tons, compared to 43 000 tons in the 2001 season. Record sucrose yields as well as additional hectares under cane following the conversion of the citrus orchards to sugar cane were the major drivers behind this 16 percent improvement.

Despite the socio-political and economic difficulties of operating in Zimbabwe, Triangle increased its sugar production to 296 000 tons, 12 percent up on the previous year, largely as a result of better growing conditions leading to improved cane quality and yields.

In Mozambique the rehabilitation of the Mafambisse and Xinavane sugar estates continued in 2002 with sugar production almost doubling to 71 000 tons compared to 36 000 tons in the 2001 season.

In terms of installed milling capacity, Tongaat-Hulett Sugar is capable of producing 1,5 million tons of sugar per annum compared to the 1,3 million tons produced in 2002.

Export Markets

Export market prices in Rand terms in 2002 were

approximately eight percent above those prevailing in the 2001 year. Refined sugar exports have assisted in improving realisations with the white premium trading at acceptable levels throughout the period under review.

Mozambique, a Least Developed Country, has access to the European Union under the "Everything-but-Arms" initiative and in the case of sugar, this access will be phased in over a seven-year period.

Domestic Markets

The domestic markets of Mozambique, Zimbabwe and the South African Customs Union have been characterised by opportunities and challenges. Tongaat-Hulett Sugar's brands performed well in 2002 with Huletts® being voted by an independent survey South Africa's fifth most admired food brand measured in terms of awareness as well as trust and confidence.

Good progress has been made by sugar producers in Mozambique to secure the domestic market against imports. Year-on-year sales by domestic producers grew 77 percent, with the second half achieving sales growth of 112 percent compared to the previous year.

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

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

Animal Feeds

Tongaat-Hulett Sugar's molasses and bagasse-based animal feeds operation, Voermol Feeds, experienced significantly improved trading conditions. Its contribution to Tongaat-Hulett Sugar's earnings in 2002 was well up on the previous year.

Outlook

The size of the crop in the non-irrigated areas will depend on good rains in the rest of the summer growing season. International prices are holding firm above 6 US cents per pound although US dollar weakness is of concern for export realisations in Rand terms in 2003.

The economic environment in Zimbabwe remains volatile and is characterised by a loss of skills, hyperinflation, an over-valued currency, foreign exchange shortages and statutory price controls. Difficult trading conditions are likely to persist in 2003. Concerns exist over the future remitability of dividends from Zimbabwe.

Tongaat-Hulett is committed to the integration of sound safety, health and environmental management into all aspects of our business activities.

Safety

Improvements to the safety performance have resulted in a 22 percent reduction in lost-time injuries from 1,45 per 200 000 hours worked in 2001 to 1,11 in 2002 and a 29 percent reduction in the number of shifts lost due to injuries.

Tongaat-Hulett has a zero fatalities target. Regrettably two employees and three contractors lost their lives during the past year. Four of the fatalities occurred in the sugar operations and the other fatality occurred at the Hulett Aluminium plant in Pietermaritzburg. Two of the deaths were caused by fire, one by an explosion with two resulting from transportation accidents.

The cause of every fatal incident is carefully reviewed and rigorously followed up at executive level. Accident reports are widely disseminated in a bid to avoid similar tragedies.

All operations have in place specific risk assessment procedures, comprehensive safety guidelines and detailed operational standards. During 2002 the focus was on internal audits of safety management systems and procedures. The effectiveness of these measures will be tested in 2003 by third party audits at all the operations. We are confident that the system of verification by internal and external audits, together with continued improvements to safety management systems, will result in an improved level of safety performance.

African Products is currently working towards OHSAS 18001 health and safety systems accreditation, which is compatible with its existing ISO 14001 environmental systems and ISO 9001 quality systems.

Many of our operations have already utilised their safety programmes with exemplary results. Tambankulu Estates in Swaziland, with their recent NOSA Integrated SHE Five Platinum Star and ISO 9000 status, provides a benchmark for agricultural operations throughout Southern Africa.

Health

Formal prevention, hygiene monitoring and medical surveillance programmes have been instituted at the Group's operations in South Africa, Zimbabwe, Swaziland and Mozambique.

Two major health challenges face the Group – HIV/AIDS in all operations and malaria in non-South African operations.

A comprehensive and holistic HIV/AIDS programme, underpinned by prevention, treatment, care and support has been implemented. The programme was recently extended to include the provision of anti-retroviral treatment to employees in South Africa and it is intended to extend this to other areas when the requirements for an effective anti-retroviral treatment programme have been attained.

Tambankulu is covered by the Swaziland government's malaria control programme and effective interventionist methods that incorporate indoor spraying of residual insecticides. The company clinic diagnoses and treats malaria, while complicated cases are referred to the local government hospital.

Triangle in Zimbabwe has established its own malaria *control programme, using a synthetic pyrethroid insecticide. Residents are issued with prophylaxis with diagnosis and treatment taking place at the company's hospital and clinics.*

Xinavane and Mafambisse in Mozambique participate in joint programmes with the government which supplies a synthetic pyrethroid for application by the company.

Group clinics and first aid centres, with qualified medical staff and visiting part-time doctors co-ordinated by a full time medical consultant, support occupational health targets. All operations have employees trained in first aid.

Environment

The Group embraces environmental stewardship to minimise the consumption of natural resources, reduce waste generation and manage the impact of its operations on the environment.

The Germiston and Bellville mills of African Products have achieved ISO 14001 certification and the other mills are working towards certification.

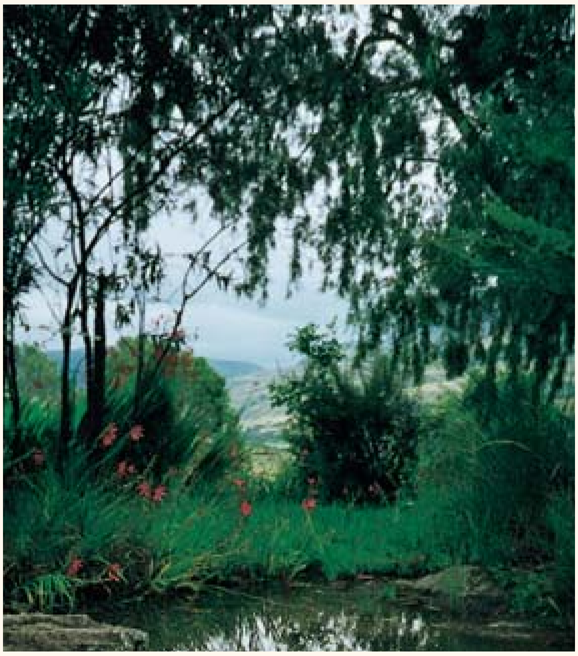
The completion of an integrated effluent treatment plant at Hulett Aluminium in Pietermaritzburg will reduce the risk of serious pollution from the main site and will also result in substantial operational cost savings. Interceptor sumps have been installed at both the Campsdrift and Edendale operations to contain possible spillages in storm water drains.

Moreland has continued to roll out environmental policies in all its developments, in pursuit of the establishment and enhancement of ecologically sustainable natural habitats within the urban environment in the coastal strip north of Durban. Other developments, including the La Lucia Ridge Office Estate, iLala Ridge and Sibaya Casino access road and the M4 circle, are subject to ongoing environmental management audits.

Traditionally a major user of its own "green" energy, Tongaat-Hulett Sugar has taken steps to improve co-generation initiatives. An example is the Maidstone sugar mill that supplies power to Eskom's Durban Metro grid.

The Maidstone sugar mill's zero effluent project has completed its first phase, involving the recycling of factory, scrubber and boiler effluents.

Relatively little effluent is produced at the Darnall sugar mill, while manageable quantities leave the Felixton mill. An effluent drain system has been proposed for the Amatikulu mill.



Black Economic Empowerment

The objective of the Group's Black Economic Empowerment (BEE) programme is to encourage participation in small, medium and large-scale businesses. Emphasis is placed on initiatives that ensure the meaningful contribution of previously disadvantaged individuals to the mainstream economy.

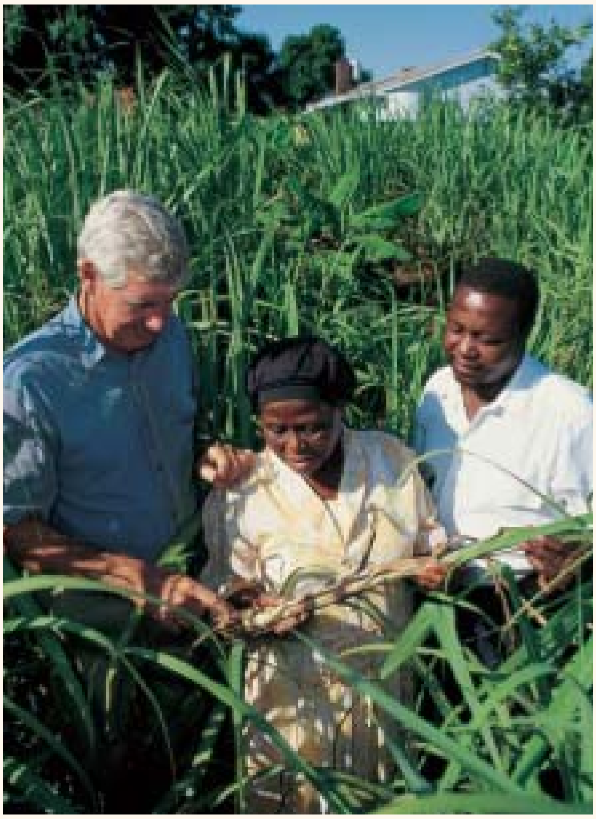
Procurement from BEE entities has increased by 35 percent to R533 million and achievements on employment equity have gone beyond mere compliance with the legislation.

African Products increased its BEE spend by 66 percent in an ambitious drive to empower black suppliers.

Of Hulett Aluminium's commercial dealings with BEE entities in 2002, 61 percent was with African-owned businesses, 33 percent with Indian-owned businesses and six percent with Coloured-owned businesses. The spend with African-owned businesses increased significantly from R29 million in 2001 to R81 million in 2002.

Moreland increased its spend by 30 percent over 2001, largely through BEE contractors in security and landscaping. Of Moreland's total development expenditure in 2002, 34 percent is attributed to direct and indirect outsourcing to BEE contractors.

Tongaat-Hulett Sugar increased its BEE spend by six percent to R284 million compared to 2001. In this respect, Phase II of the medium scale farmer project was initiated last year and will be completed in April 2003.



A key feature of the Group's corporate social investment programme is the active involvement of Tongaat-Hulett personnel in community projects with the primary focus on imparting science and technology knowledge.

Key community projects supported by Tongaat-Hulett include the Nelson Mandela Foundation, the Business Trust and the Education Quality Support. Six classrooms have been built in the Tongaat and Ndwedwe areas, while investments have also been made in education infrastructure, support services, and the provision of computer facilities.

HIV/AIDS continues to receive attention in view of the serious socio-economic consequences of the pandemic. The AIDS awareness programme launched in 2001 in 32 schools continued in 2002, while Group operations have formed partnerships with HIV/AIDS community organisations.

Tongaat-Hulett committed R5 million over a five-year period to the Business Trust which is managed by the National Business Initiative (NBI). The NBI is engaged with development, education, training, job creation, and tourism marketing.

The main focus of Tongaat-Hulett's human resources strategies and practices is to attract, develop and retain the best people by offering them constructive and challenging careers in our varied business environments. The ongoing drive for better performance demands a culture of excellence, quality and innovation. As such, strong emphasis is placed on the promotion of exceptional performance for the benefit of all stakeholders.

Employment Equity

Significant progress continues to be made in the area of employment equity. Black representation in top, senior and middle management continues to exceed national averages, and strategies and programmes aimed at further improving the representation of Africans and women against targets set for December 2004 are being implemented. In addition to this, our companies are creating an environment that values and leverages diversity. During 2002, all the provisions of the Employment Equity Act were fully complied with.

Training and Development

Training and development continued to feature prominently in the Group's people philosophy during 2002. Key training and development programmes included a comprehensive coaching skills programme at Hulett Aluminium, the company-wide investment in excellence programme at African Products and the highly effective engineer-in-training programme at Tongaat-Hulett Sugar. Moreland's training focus has been on the South African Property Owners' Association property educational programme. The Group-sponsored study aid scheme is currently assisting 266 employees studying for tertiary level qualifications.

Industrial Relations

A stable industrial relations climate prevailed during the past year indicating the continuing success of endeavours to maintain constructive relationships with employees and unions.

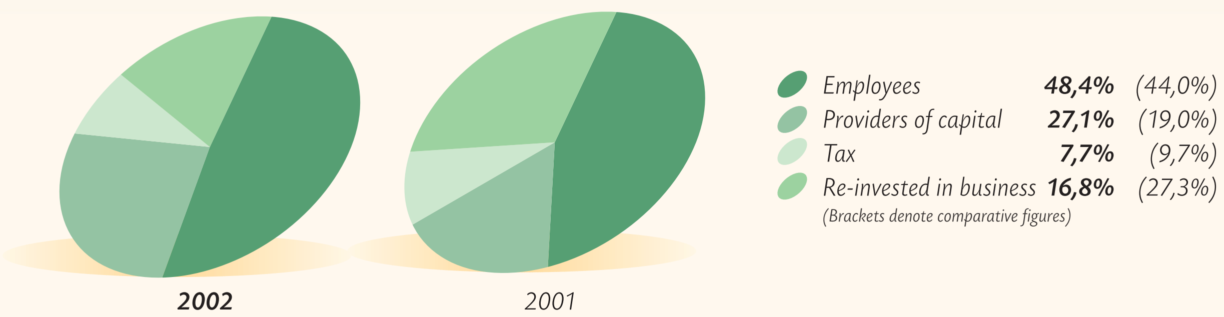
Peter Staude and Bruce Dunlop congratulate Martin Mohale on his appointment as Managing Director of Tongaat-Hulett Sugar's South African operations with effect from 1 February 2003

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	2002	2001 Restated
Revenue	6 103	5 465
Bought-in materials and services	(4 513)	(4 081)
VALUE ADDED BY OPERATIONS	1 590	1 384
Dividends and other income	213	419
Exchange rate translation (loss)/gain	(151)	255
Exceptional items	6	(5)
TOTAL VALUE ADDED	1 658	2 053
Applied as follows:		
TO PAY EMPLOYEES		
Salaries, wages and benefits	803	901
TO PAY PROVIDERS OF CAPITAL	449	391
Interest on borrowings	157	177
Distributions to ordinary shareholders	292	214
TAX	127	199
RE-INVESTED IN BUSINESS	279	562
Depreciation	170	159
Retained earnings	109	403
	1 658	2 053

Distribution of Value Added



The board of directors is committed to the implementation of good corporate governance within the Group and endorses the principles of openness, integrity, accountability, transparency and social responsibility. The board considers that throughout the year it has complied in all material respects with the recommendations of the first King Report on Corporate Governance and is currently implementing changes to strengthen structures and processes so as to be compliant by 31 December 2003 with the recommendations of the second King Report on Corporate Governance.

Board of Directors

The company has a unitary board of directors currently comprising ten non-executive and nine executive directors and reflects a blend of different skills, financial and commercial experience and cultures. The roles of Chairman and Chief Executive are separate with a clear division of responsibilities. Mr C M L Savage is the non-executive Chairman and Mr P H Staude is the Chief Executive.

The board meets regularly, normally five times a year, and has a schedule of matters specifically reserved to it for decision, including the approval of strategy, determination of policy and processes relative to risk management and internal controls, monitoring of operational performance and management, communications policy and the selection, orientation and evaluation of directors.

In advance of each meeting the board is supplied with comprehensive briefing papers on items under consideration. All directors have access to the advice and services of the group secretary and independent professional advice is available to directors in appropriate circumstances at the company's expense. All directors are subject to election by shareholders at the first opportunity after appointment and thereafter retire from office and are subject to re-appointment at intervals of no more than three years. There are no contracts of service between any of the directors and the company or any of its subsidiaries.

The board considers that the non-executive directors as a group are of sufficient calibre and number to bring strength of independence to the board. They have a wide range of differing skills, commercial and other interests that enable them to bring independent judgement and experience to board deliberations and decisions.

Attendance of current directors at board and committee meetings during the year ended 31 December 2002 was:

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

Column A: Indicates the number of meetings held during the period the director was a member of the board and/or committee.

Column B: Indicates the number of meetings attended during the period the director was a member of the board and/or committee.

Board Committee Structures and Responsibility

The board has delegated authority for specific matters to the following committees all of which have formal terms of reference.

Executive Committee

The Executive Committee which meets on a monthly basis comprises ten members and is currently chaired by the Chief Executive. Its current members are P H Staude (Chairman), D G Aitken, E K Diack, B G Dunlop, A Fourie, G R Hibbert, G P N Kruger, J B Magwaza, S J Saunders and M Serfontein, with M A Kennedy as secretary.

The Executive Committee is responsible to the board for recommending the Group's policies and strategies, and for their subsequent implementation. It deals with all executive business of the Group not specifically reserved to the board and is empowered to act on behalf of the board in circumstances where time is of the essence and any delay in acting would be detrimental to the Group's interests.

Audit and Compliance Committee

The Audit and Compliance Committee, which normally meets at least three times each year, comprises solely non-executive directors. Its current members are E le R Bradley (Chairman), E K Diack, M W King, and M Mia. D G Aitken, the group financial director, R A S Cassels, the head of internal audit and representatives of the external auditors attend by invitation. M A Kennedy is the secretary.

The Audit and Compliance Committee deals primarily with operational and financial matters, including the monitoring of controls, loss prevention, litigation, reputational issues and listing compliance matters such as the going concern assertion. It is also responsible for overseeeing of the risk management process.

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

Remuneration Committee

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

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

The Group's remuneration policy is formulated to attract and retain directors and executives needed to run the Group successfully. A proportion of executive directors' remuneration is structured so as to link corporate and individual performance. Total rewards are set at realistic levels taking account of market trends. Executive remuneration for the period under review comprised the following principal elements: basic salary, annual executive bonus scheme, share option scheme, and other benefits including pension, medical aid, life and disability insurance and a travel allowance scheme.

Executive Directors' Remuneration

Basic Salary

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

Annual Executive Bonus Scheme

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

Share Incentive Scheme

Executive directors and senior management participate in the Group's share incentive scheme, which is designed to enable these executives to participate in the growth, as reflected in the share price, which they helped to create for the Group's shareholders. Share options are 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.

Other Benefits

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

Fees

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

Non-Executive Directors' Remuneration

Non-executive directors receive fees for their services on the board and for their services on board committees and operational boards.

Employment Equity Committee

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

The Employment Equity Committee provides advice on the implementation of the Group's employment equity policies. 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. They include appropriate educational support programmes, recruitment targets, development and training programmes and innovative management development practices.

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

Risk Management

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

The board's policy on risk management encompasses all significant strategic and business risks to the Group, including reputational, financial, operational and compliance risk, which could undermine the achievement of business objectives. These risks encompass such areas as the pricing and supply of raw materials, domestic and international deregulation, neighbouring economies in transition, tenure of property and treasury risks.

The system of risk management is designed so that the different operations are able to tailor and adapt their risk management processes to suit their specific circumstances. This flexible approach has the commitment of the Group's senior management. The requisite risk and control capability is assured through board monitoring, appropriate management selection and skills development. Managers are supported in giving effect to their risk responsibilities through sound policies and guidelines on risk and control management. Continuous monitoring of risk and control processes, across significant Group wide risk areas and other specific risk areas relative to the Group's operations, provides the basis for regular and exception reporting to operational management and boards, the executive committee/risk committee and main board.

The risk assessment and reporting criteria are designed to provide the board with a consistent, Group wide perspective of the key risks. The reports to the board, which are submitted at least every six months, include an assessment of the likelihood and impact of risk materialising, as well as risk mitigation initiatives and their effectiveness.

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

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

Accountability and Control

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

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

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

Code of Ethics

The Group is committed to a policy of fair dealing and integrity in the conduct of its business. This commitment, which is actively endorsed by the board, is based on a fundamental belief that business should be conducted honestly, fairly and legally. The Group expects all employees to share its commitment to high moral, ethical and legal standards.

Compliance with the code by all employees is mandatory. If employees become aware of, or suspect, a contravention of the code, they must promptly and confidentially advise the company secretary.

Third-Party Management

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

Insider Trading

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

Going Concern Assertion

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

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

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

Definitions

EBITDA
Earnings before net interest, tax, depreciation and amortisation.

EBIT
Earnings before net interest and tax.

Headline Earnings
Total net earnings excluding exceptional items.

Headline Earnings Per Share
Headline earnings divided by the weighted average number of shares in issue.

Operating Margin
Operating earnings expressed as a percentage of revenue.

Pre-Tax Return on Capital Employed
Earnings before interest paid, tax and exceptional items as a percentage of average total capital employed, excluding capital work in progress.

Return on Equity
Headline earnings expressed as a percentage of average equity.

Debt to Equity
Borrowings divided by total equity plus deferred tax.

Net Debt to Equity
Borrowings less cash resources divided by total equity plus deferred tax.

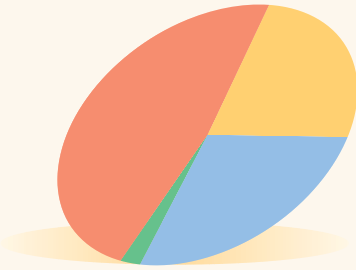
Current Ratio
Current assets divided by current liabilities plus short-term borrowings.

Liquidity Ratio
Current assets, excluding inventories, divided by current liabilities plus short-term borrowings.

Net Asset Value Per Share
Equity divided by the number of ordinary shares at year end.

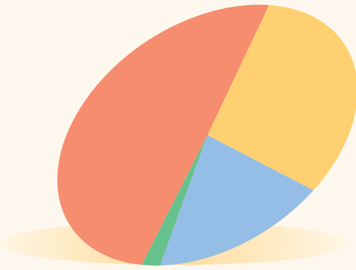
Total Capital Employed
Equity, minority interests, deferred tax, long and short-term borrowings, provisions and derivative liabilities.

Total Liabilities
Borrowings, provisions, derivative liabilities and current liabilities.



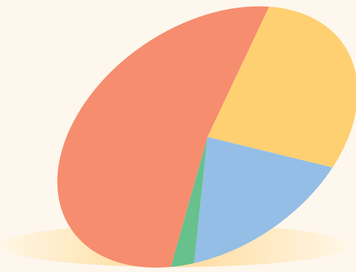
Revenue

African Products	24,1%
Hulett Aluminium	26,6%
Moreland	2,4%
Tongaat-Hulett Sugar	46,9%



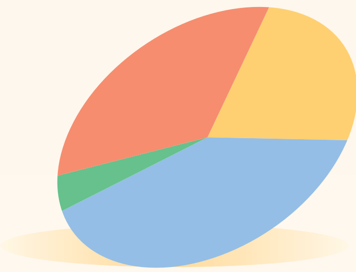
EBITDA

African Products	30,8%
Hulett Aluminium	17,6%
Moreland	2,1%
Tongaat-Hulett Sugar	49,5%



EBIT

African Products	27,6%
Hulett Aluminium	17,1%
Moreland	2,5%
Tongaat-Hulett Sugar	52,8%



Capital Employed

African Products	24,2%
Hulett Aluminium	40,1%
Moreland	4,8%
Tongaat-Hulett Sugar	30,9%

Segmental Analysis

BUSINESS SEGMENT ANALYSIS

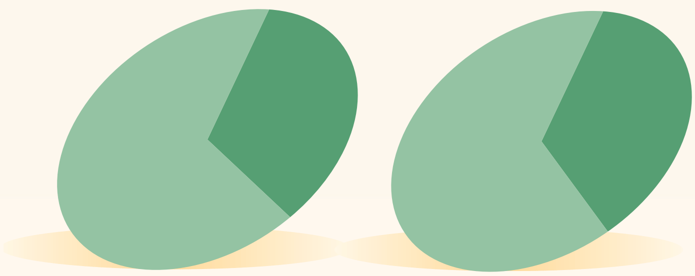
Rmillion	Revenue	EBIT	Total Assets	Total Liabilities	Capital Employed	Capital Expenditure	Depreciation
2002							
African Products	1 470	220	1 659	454	1 450	107	77
Hulett Aluminium (50%)	1 623	136	2 626	843	2 402	31	34
Moreland	146	20	405	114	292		
Tongaat-Hulett Sugar	2 864	420	2 330	628	1 853	80	58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

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

GEOGRAPHICAL ANALYSIS OF REVENUE
from continuing operations

Rmillion	**2002**	2001 Restated
South Africa	**4 018**	3 218
Rest of Africa	**802**	755
North America	**504**	377
Australasia	**415**	385
Europe	**170**	121
Asia and other	**136**	51
South America	**58**	86
	6 103	4 993

2002 2001



Export Revenue	**34%**	(36%)
Domestic Revenue	**66%**	(64%)

(Brackets denote comparative figures)

Five Year Review

Financial Statistics

(Including discontinued operations)		31 December 2002 Actual	31 December 2001 Actual	31 December 2000 Actual	31 December 1999 Actual	31 December 1998 Pro forma
TRADING RESULTS (Rmillion)						
Revenue		**6 103**	5 465	5 365	4 399	4 554
Operating earnings		**738**	592	544	438	424
Triangle dividend		**71**	76	62	51	44
Net interest		**(100)**	(82)	(6)	61	164
Exchange rate translation (loss)/gain		**(151)**	255	54	34	33
Exceptional items		**6**	(5)	(138)	(189)	14
Earnings before tax		**564**	836	516	395	679
Tax		**(127)**	(199)	(145)	(71)	(168)
Share of associate company's loss		**(36)**	(20)	(15)	(11)	
Minority shareholders' share of loss			1	12		1
Total net earnings		**401**	618	368	313	512
Headline earnings		**393**	608	498	487	476
SOURCE OF CAPITAL (Rmillion)						
Equity		**4 567**	4 382	4 038	3 743	3 635
Minority interests in subsidiaries		**5**	5	6	19	13
Deferred tax		**1 012**	912	762	662	655
Borrowings		**931**	1 502	1 422	1 427	1 218
Provisions		**245**	225	185	146	146
Derivative instruments		**186**	122			
Total capital employed		**6 946**	7 148	6 413	5 997	5 667
EMPLOYMENT OF CAPITAL (Rmillion)						
Property, plant, equipment and investments		**4 040**	4 095	3 831	2 398	2 221
Capital work in progress		**133**	152	354	1 611	1 303
Growing crops		**168**	165			
Long-term receivable		**210**	210	210	210	245
Derivative instruments		**51**	308			
Inventories and receivables		**2 445**	2 185	2 220	2 070	2 268
Cash resources and deposits		**938**	1 125	699	810	924
Total assets		**7 985**	8 240	7 314	7 099	6 961
Current liabilities		**1 039**	1 092	901	1 102	1 294
		6 946	7 148	6 413	5 997	5 667

Ratios and Statistics

EARNINGS						
Headline earnings per share (cents)		**388,1**	602,4	494,0	484,2	479,3
Dividends per share (cents)		**270,0**	270,0	212,0	207,0	160,0*
Dividend cover (times)		**1,4**	2,2	2,3	2,3	3,0*
PROFITABILITY						
Operating margin		**12,1%**	10,8%	10,1%	10,0%	9,3%
Pre-tax return on capital employed		**10,4%**	15,2%	14,1%	14,0%	15,5%
Return on equity		**8,8%**	14,4%	12,8%	13,2%	13,6%
FINANCE						
Debt to equity		**16,7%**	28,4%	29,6%	32,4%	28,4%
Net debt to equity		**–**	7,1%	15,1%	14,0%	6,9%
Current ratio		**2,49**	2,32	2,29	2,26	2,28
Liquidity ratio		**1,42**	1,39	1,63	1,56	1,71
SHARES						
Shares in issue (millions)	– issued	**101**	101	101	101	101
	– weighted	**101**	101	101	101	99
Market capitalisation	– (Rmillion)	**4 764**	5 461	3 848	5 240	3 869
Net asset value per share	– (cents)	**4 506**	4 333	4 003	3 714	3 617
Share price (cents)	– balance sheet date	**4 700**	5 400	3 815	5 200	3 850
	– high	**6 620**	5 790	5 190	5 220	6 450
	– low	**4 599**	3 770	2 840	2 970	2 800
Annual volume of shares traded	– (millions)	**30**	26	37	35	30

* Actual for nine months to 31 December 1998 based on results for that period.
Note: Only comparative figures for the year ended 31 December 2001 have been restated for the changes in accounting policies.

Annual Financial Statements

for the year ended 31 December 2002

Contents

Currency Conversion Guide

APPROXIMATE VALUES OF R1,00

	Closing rate at 31 December		Average rate for year	
	2002	2001	2002	2001
US dollar	0,12	0,08	0,10	0,12
UK pound	0,07	0,06	0,06	0,08
Euro	0,11	0,09	0,10	0,13
Swiss franc	0,16	0,14	0,15	0,20
Zimbabwe dollar	6,46	4,64	5,31	6,38

Report of the Independent Auditors

to the members of The Tongaat-Hulett Group Limited

We have audited the annual financial statements and Group annual financial statements of The Tongaat-Hulett Group Limited set out on pages 43 to 71 for the year ended 31 December 2002. 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 2002 and the results of their operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act.

Deloitte & Touche

Registered Accountants and Auditors
Chartered Accountants (SA)

Durban, KwaZulu-Natal

19 February 2003

Certificate by Company Secretary

I certify that the company has lodged with the Registrar of Companies all returns that are required of a public company in terms of the Companies Act in respect of the year ended 31 December 2002 and that all such returns are true, correct and up to date.

M A Kennedy
Company Secretary

Amanzimnyama
Tongaat, KwaZulu-Natal

19 February 2003

Directors' Approval of Annual Financial Statements

for the year ended 31 December 2002

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

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

In preparing the financial statements, the Group has used appropriate accounting policies, supported by reasonable and prudent judgements and estimates, and has complied with all applicable accounting standards. The directors are of the opinion that the financial statements fairly present the financial position of the company and the Group at 31 December 2002 and the results of their operations for the year then ended. The directors are also of the opinion that the Group will continue as a going concern in the year ahead.

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

The annual financial statements were approved by the board of directors on 19 February 2003 and are signed on their behalf by:

C M L Savage
Chairman

P H Staude
Chief Executive

Amanzimnyama
Tongaat, KwaZulu-Natal

19 February 2003

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 2002.

Holding Company

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

Nature of Business

The Group comprises four operations: African Products, Hulett Aluminium, Moreland and Tongaat-Hulett Sugar. Their activities are dealt with in the separate operational reports.

Financial Results

Total net earnings of the Group for the year ended 31 December 2002 amounted to R401 million (2001 – R618 million). This translates into headline earnings per share of 388,1 cents (2001 – 602,4 cents) based on the increased weighted average number of shares in issue during the year.

Dividends

An interim dividend No. 150 of 80 cents per share was paid on 29 August 2002 and a final dividend No. 151 of 190 cents per share has been declared and is payable on 3 April 2003 to shareholders registered at the close of business on 28 March 2003.

Share Capital

There was no change in the authorised share capital of the company. During the year 226 900 shares were allotted (including 7 000 shares to directors) in respect of options exercised in terms of the Group's employee share incentive scheme for a total consideration of R8 million. Details of the unissued ordinary shares, share options granted and exercised and the Group's share incentive schemes are set out in note 22.

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

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

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

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

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

- *the acquisition by a company of its own securities may not, in the aggregate, in any one financial year exceed 40 percent of that company's issued share capital of that class; provided that any acquisition pursuant to a general authority may not exceed 20 percent of that company's issued share capital of that class in any one financial year.*
- *the directors consider that in their opinion, taking into account the effect of the maximum acquisition by the company of shares issued by it as referred to above:*

  (a) the company and its subsidiaries (together "the Group") will be able, in the ordinary course of business, to pay its debts for a period of 12 months from 19 February 2003;

(b) *the assets of the company and of the Group will be in excess of the liabilities of the company and the Group for a period of 12 months from 19 February 2003. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the company's latest audited Group annual financial statements;*

(c) *the ordinary capital and reserves of the company and the Group will be sufficient for the company's and the Group's present requirements for 12 months from 19 February 2003;*

(d) *the working capital of the company and the Group for a period of 12 months from 19 February 2003 will be adequate for the company's and the Group's requirements.*

Subsidiary Companies and Joint Ventures

The principal subsidiaries and joint ventures of the Group are reflected in note 30.

The attributable interest of the company in the results of its consolidated subsidiaries and joint ventures for the year ended 31 December 2002 is as follows:

	2002	2001
In the aggregate amount of:		
Net earnings – (Rmillion)	280	371
Net losses – (Rmillion)	125	63

Directorate

The names of the directors and alternate directors of the company in office at the date of this report are reflected on pages 74 and 75.

On 10 May 2002 Mr A Fourie was appointed as a director. Mr E S C Garner resigned as a director on 18 June 2002. On 31 July 2002 Mr A J Trahar resigned as a director and on the same day Mr A M Thompson was appointed as a director in his stead.

Directors retiring at the annual general meeting in accordance with the articles of association are: Messrs A Fourie, M Mia, C M L Savage, R H J Stevens, A M Thompson and Mrs E le R Bradley. These directors are all eligible and offer themselves for re-election. Details of each of these retiring directors are set out on pages 74 and 75.

Directors' Shareholdings

At 31 December 2002, the present directors and alternate directors of the company beneficially held a total of 1 034 879 ordinary shares equivalent to one percent in the company (2001 – 936 774 shares equivalent to one percent) and held unexercised options to acquire a total of 1 322 960 ordinary shares in the company (2001 – 1 111 960). There has been no material change in these holdings between 31 December 2002 and 19 February 2003.

Post Balance Sheet Events

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

Company 2001 Restated	Company 2002	Rmillion	Note	Group 2002	Group 2001 Restated
		ASSETS			
		Non-current assets			
1 847	**1 889**	Property, plant and equipment	1	**4 104**	4 149
99	**100**	Growing crops	2	**168**	165
210	**210**	Long-term receivable	3	**210**	210
		Goodwill	4	**40**	42
2	**2**	Investments	5	**29**	56
89	**39**	Derivative instruments	6	**51**	308
799	**639**	Subsidiaries and joint ventures	7		
3 046	**2 879**			**4 602**	4 930
1 158	**1 499**	**Current assets**		**3 383**	3 310
667	**822**	Inventories	8	**1 463**	1 330
373	**514**	Accounts receivable		**982**	855
118	**163**	Cash resources		**938**	1 125
4 204	**4 378**	**TOTAL ASSETS**		**7 985**	8 240
		EQUITY AND LIABILITIES			
		Capital and reserves			
101	**101**	Share capital	9	**101**	101
720	**728**	Share premium		**728**	720
(17)	**36**	Non-distributable reserves		**115**	48
1 781	**2 016**	Retained income		**3 623**	3 513
2 585	**2 881**	**Equity**		**4 567**	4 382
		Minority interest in subsidiaries		**5**	5
306	**407**	**Deferred tax**	10	**1 012**	912
404	**254**	**Borrowings**	11	**931**	1 502
197	**212**	**Provisions**	12	**245**	225
97	**64**	**Derivative instruments**	6	**186**	122
615	**560**	**Current liabilities**		**1 039**	1 092
615	**560**	Accounts payable		**1 030**	1 090
		Tax		**9**	2
4 204	**4 378**	**TOTAL EQUITY AND LIABILITIES**		**7 985**	8 240

Company 2001 Restated	Company 2002	Rmillion	Note	Group 2002	Group 2001 Restated
3 345	**4 102**	**REVENUE** - continuing operations		**6 103**	4 993
		EARNINGS FOR THE YEAR			
159	**496**	Operating earnings from continuing operations	13	**738**	596
87	**137**	Dividends received from subsidiaries	14	**71**	76
(19)	**(6)**	Net interest	15	**(100)**	(75)
227	**627**	**EARNINGS FROM CONTINUING OPERATIONS**		**709**	597
		Exchange rate translation (loss)/gain		**(151)**	255
(12)		Loss from discontinued operations			(11)
215	**627**	**EARNINGS BEFORE EXCEPTIONAL ITEMS**		**558**	841
7	**2**	Exceptional items	16	**6**	(5)
222	**629**	**EARNINGS BEFORE TAX**		**564**	836
		Tax	17		
(43)	**(104)**	Earnings before exceptional items		**(129)**	(209)
9	**2**	Exceptional items		**2**	10
188	**527**	**EARNINGS AFTER TAX**		**437**	637
		Share of associate company's loss	5	**(36)**	(20)
		Minority shareholders' share of loss			1
188	**527**	**TOTAL NET EARNINGS**		**401**	618
		HEADLINE EARNINGS	18	**393**	608
		EARNINGS PER SHARE (cents)	19		
		Total net earnings			
		Basic		**396,0**	612,3
		Diluted		**389,8**	606,2
		Headline earnings			
		Basic		**388,1**	602,4
		Diluted		**382,0**	596,4
		Headline earnings excluding translation loss/gain			
		Basic		**523,4**	401,3
		Diluted		**515,2**	397,3
		DIVIDENDS PER SHARE (cents)		**270,0**	270,0

Company 2001 Restated	Company 2002	Rmillion	Group 2002	Group 2001 Restated
		Revenue account		
159	**496**	Operating earnings from continuing operations	**738**	596
87	**137**	Dividends received from subsidiaries	**71**	76
(19)	**(6)**	Net interest	**(100)**	(75)
(12)		Loss from discontinued operations		(11)
		Non-cash items:		
112	**120**	Depreciation	**170**	159
34	**15**	Provisions	**20**	40
(7)		Surplus on disposal of plant and equipment		(7)
(41)	**86**	Other	**131**	(79)
(5)	**(28)**	Tax payments	**(39)**	(19)
308	**820**	Revenue inflows	**991**	680
		Working capital account		
(86)	**(155)**	Inventories	**(152)**	(139)
(121)	**(141)**	Accounts receivable	**(136)**	(176)
222	**(55)**	Accounts payable	**(33)**	428
15	**(351)**	(Increase)/decrease in working capital	**(321)**	113
323	**469**	**Cash flows from operating activities**	**670**	793
		Cash flows from investing activities		
		Property, plant and equipment		
(89)	**(145)**	New project expenditure	**(167)**	(232)
(35)	**(31)**	Replacement expenditure	**(56)**	(46)
(18)		Growing crops	**(12)**	(26)
26	**26**	Proceeds on disposal of property, plant and equipment	**36**	33
1		Investments	**(1)**	(60)
111		Disposal of subsidiaries		111
(4)	**(150)**	Net cash used in investing activities	**(200)**	(220)
		Dividends paid		
(151)	**(211)**	Previous year final	**(211)**	(151)
(63)	**(81)**	Current year interim	**(81)**	(63)
(214)	**(292)**	Dividends paid	**(292)**	(214)
105	**27**	**Net cash flow before financing activities**	**178**	359
		Cash flows from financing activities		
(207)	**(150)**	Borrowings repaid	**(226)**	(242)
9	**8**	Shares issued	**8**	9
116	**160**	Inter-group loans		
(82)	**18**	Net cash (utilised in)/from financing activities	**(218)**	(233)
23	**45**	**Net (decrease)/increase in cash resources**	**(40)**	126
95	**118**	Cash resources at beginning of year	**1 125**	699
		Exchange rate translation (loss)/gain	**(151)**	255
		Mark-to-market adjustment	**4**	45
118	**163**	**Cash resources at end of year**	**938**	1 125

Rmillion	Share Capital	Share Premium	Capital Redemption Reserve Funds	Hedging and Translation Reserves	Retained Income	Total
GROUP						
Balance at 1 January 2001	101	711	33	34	3 159	4 038
Effect of changes in accounting policies (note 29)					(18)	(18)
Restated balance	101	711	33	34	3 141	4 020
AC 133 adjustment				37	(39)	(2)
Share capital issued		9				9
Currency exchange rate changes				(14)		(14)
Losses from cash flow hedges				(41)		(41)
Gains on available-for-sale assets				13		13
Share of associate's reserves				(7)		(7)
Subsidiaries sold				(7)	7	
Total net earnings for the year					618	618
Dividends					(214)	(214)
Balance at 31 December 2001	101	720	33	15	3 513	4 382
Share capital issued		8				8
Currency exchange rate changes				(14)		(14)
Hedge reserve released to income statement				41		41
Gains from cash flow hedges				16		16
Gains on available-for-sale assets				4		4
Share of associate's reserves				21		21
Subsidiaries deregistered				(1)	1	
Total net earnings for the year					401	401
Dividends					(292)	(292)
Balance at 31 December 2002	101	728	33	82	3 623	4 567
COMPANY						
Balance at 1 January 2001	101	711	29		1 882	2 723
Effect of changes in accounting policies (note 29)					(36)	(36)
Restated balance	101	711	29		1 846	2 687
AC 133 adjustment					(39)	(39)
Share capital issued		9				9
Losses from cash flow hedges				(46)		(46)
Total net earnings for the year					188	188
Dividends					(214)	(214)
Balance at 31 December 2001	101	720	29	(46)	1 781	2 585
Share capital issued		8				8
Hedge reserve released to income statement				46		46
Gains from cash flow hedges				7		7
Total net earnings for the year					527	527
Dividends					(292)	(292)
Balance at 31 December 2002	101	728	29	7	2 016	2 881

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

Changes in Accounting Policies

The Group has adopted AC 423 (Property, Plant and Equipment: Major Inspection or Overhaul Costs) and AC 137 (Agriculture) and as a consequence no longer accounts for its sugar operations on a seasonal basis. In addition maize futures and option contracts are accounted for as derivatives or cash flow hedges where the requirements for hedge accounting have been met.

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

Discontinuing Operations

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

Property, Plant and Equipment

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

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

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

Growing Crops

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

- *roots – at current replacement cost of planting and establishment and subsequently reduced in value over the period of their productive lives;*
- *standing cane – at the estimated sucrose content less harvesting, transport and over-the-weighbridge costs.*

Goodwill

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

Associate Companies

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

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

Inventories

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

Deferred Tax

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

Impairment

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

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

Revenue

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

Research and Development

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

Foreign Currencies

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

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

Financial Instruments

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

MEASUREMENT

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

- *Trade and other receivables originated by the Group are held at amortised cost, using the effective interest rate method, after deducting accumulated impairment losses. Receivables with no fixed maturity are held at cost.*
- *Held-to-maturity investments are held at amortised cost using the effective interest rate method after deducting accumulated impairment losses.*
- *Held-for-trading and available-for-sale financial assets are held at fair value.*
- *Financial liabilities are measured at amortised cost, except for held-for-trading financial liabilities and derivatives, which are held at fair value.*

GAINS OR LOSSES ON SUBSEQUENT MEASUREMENT

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

- *Held-for-trading financial assets are recognised in earnings for the year.*
- *Available-for-sale financial assets are taken to equity until the financial asset is disposed of, or determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in earnings for the year.*

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

- *Fair value hedges, which hedge the exposure to changes in the fair value of a recognised asset or liability; and*
- *Cash flow hedges, which hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecasted transaction.*

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

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

SET-OFF

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

Employee Benefits

RETIREMENT FUNDS

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

Surpluses arising in the defined benefit scheme are not recognised on the balance sheet of the Group because of the uncertainty as to the entitlement thereto because the regulations required to quantify and apportion the surplus in terms of the Pensions Fund Second Amendment Act have not yet been promulgated.

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

POST-RETIREMENT MEDICAL AID BENEFITS AND RETIREMENT GRATUITIES

Provision is made for post-retirement medical aid benefits and gratuities payable on retirement and is based on the present value of those liabilities for services rendered to date as determined by independent actuaries. Actuarial gains and losses are recognised over the lesser of ten years or the employees' average remaining working lives.

1. **PROPERTY, PLANT AND EQUIPMENT** *(Rmillion)*

Group	Total	Land and buildings	Plant and equipment	Vehicles and other	Capitalised leased plant and vehicles	Capital work in progress
Restated carrying value at beginning of year	4 149	759	3 036	188	14	152
Additions	223	16	109	32		66
Disposals	(18)	(13)	(3)	(1)	(1)	
Depreciation	(170)	(12)	(121)	(34)	(3)	
Transfers		(10)	71	23		(84)
Currency alignment	(80)	(55)	(20)	(3)	(1)	(1)
Carrying value at end of year	4 104	685	3 072	205	9	133
Comprising:						
At cost	5 287	790	3 922	397	45	133
Accumulated depreciation	1 183	105	850	192	36	
	4 104	685	3 072	205	9	133

Company	Total	Land and buildings	Plant and equipment	Vehicles and other	Capitalised leased plant and vehicles	Capital work in progress
Restated carrying value at beginning of year	1 847	305	1 323	128	8	83
Additions	176	8	62	12		94
Disposals	(14)	(13)	(1)			
Depreciation	(120)	(4)	(86)	(29)	(1)	
Transfers			44	18		(62)
Carrying value at end of year	1 889	296	1 342	129	7	115
Comprising:						
At cost	2 759	346	1 988	281	29	115
Accumulated depreciation	870	50	646	152	22	
	1 889	296	1 342	129	7	115

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

2. **GROWING CROPS** *(Rmillion)*

	Group		Company	
	2002	2001	**2002**	2001
Reconciliation of carrying value:				
Restated balance at beginning of year	**165**	132	**99**	82
Gain arising from physical growth and price changes	**16**	30	**9**	22
Net decrease due to reduced area under cane	**(2)**	(2)	**(8)**	(5)
Currency alignment	**(11)**	5		
Carrying value at end of year	**168**	165	**100**	99

2. GROWING CROPS *continued*

	Group 2002	Group 2001	Company 2002	Company 2001
Area under cane (hectares)				
South Africa	**14 802**	17 578	**14 802**	17 578
Mozambique	**7 570**	6 502		
Swaziland	**3 754**	3 474		
	26 126	27 554	**14 802**	17 578

3. LONG-TERM RECEIVABLE (Rmillion)

	Group 2002	Group 2001	Company 2002	Company 2001
Advances to an export partnership	**210**	210	**210**	210

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

4. GOODWILL (Rmillion)

	Group 2002	Group 2001
At cost	**49**	49
Accumulated amortisation		
Balance at beginning of year	**7**	4
Current charge	**2**	3
Balance at end of year	**9**	7
Carrying value at end of year	**40**	42

Goodwill is amortised over 20 years.

5. INVESTMENTS (Rmillion)

	Group 2002	Group 2001
Associate:		
The carrying value of the Group's 49% interest in Açucareira de Xinavane, SARL (Mozambique) comprises:		
Unlisted shares	**20**	20
Loan	**72**	84
Cumulative share of post-acquisition deficits	**(68)**	(53)
Balance at beginning of year	**(53)**	(26)
Movement in currency translation reserve	**21**	(7)
Loss for the year	**(36)**	(20)
Book value	**24**	51
Directors' valuation	**24**	51

5. **INVESTMENTS** (Rmillion) *continued*

	Group 2002	Group 2001	Company 2002	Company 2001
Net assets and results of associate:				
Property, plant and equipment	**460**	582		
Current assets	**34**	28		
Current liabilities	**(103)**	(76)		
Borrowings	**(422)**	(515)		
	(31)	19		
Other shareholders' interest	**55**	32		
Group interest	**24**	51		
Revenue	**104**	9		
Earnings/(loss) before depreciation	**32**	(24)		
Depreciation	**(30)**	(4)		
Foreign exchange (loss)/gain	**(43)**	13		
Loss before interest	**(41)**	(15)		
Interest paid	**(33)**	(26)		
Loss for the year	**(74)**	(41)		
Other shareholders' interest	**38**	21		
Group share of loss	**(36)**	(20)		
Other investments:				
Unlisted shares at fair value	**2**	2		
Loans	**3**	3	**2**	2
Book value	**5**	5	**2**	2
Carrying value of investments	**29**	56	**2**	2

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

6. **DERIVATIVE INSTRUMENTS** (Rmillion)

The fair value of derivative instruments at year end was:

	Group 2002	Group 2001	Company 2002	Company 2001
Forward exchange contracts - hedge accounted	**(86)**	106	**24**	(66)
Forward exchange contracts - not hedge accounted	**(2)**	5	**(2)**	5
Options	**(12)**	(5)	**(12)**	(24)
Futures contracts	**(35)**	80	**(35)**	77
	(135)	186	**(25)**	(8)
Comprising:				
Derivative assets	**51**	308	**39**	89
Derivative liabilities	**(186)**	(122)	**(64)**	(97)
	(135)	186	**(25)**	(8)

The book value of other financial instruments approximates fair value with the exception of the fixed rate debt of R1 096 million (2001 - R1 035 million) which will be discharged during 2004. The fair value of this fixed rate debt is R1 155 million (2001 - R1 243 million) based on a discounted cash flow calculation using current market interest rates for loans with similar terms and credit risk.

Further details on derivative instruments are set out in note 28.

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

	Company 2002	Company 2001
Shares at cost, less amounts written off	**409**	409
Indebtedness by	**720**	711
Indebtedness to	**(490)**	(321)
	639	799

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:

	2002	2001
Property, plant, equipment and investments	**1 998**	2 211
Current assets	**650**	687
Less: Current liabilities	**(225)**	(287)
Capital employed	**2 423**	2 611
Less: Borrowings	**(567)**	(871)
Post-acquisition reserves	**(1 168)**	(1 099)
Deferred tax, provisions and derivative instruments	**(639)**	(484)
Minority interests in subsidiaries	**(6)**	(6)
Interest in joint ventures	**43**	151

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

	2002	2001
Revenue	**1 625**	1 270
Earnings for the year	**61**	77
Tax	**(17)**	(31)
Minority shareholder's interest		4
Total net earnings	**44**	50

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

	2002	2001
Cash flows from operating activities	**76**	149
Net cash used in investing activities	**3**	(106)
Net movement in cash resources	**79**	43

The aggregate values as at 31 December 2002 attributable to subsidiaries not included in the consolidated financial statements, which relate in the main to Triangle, translated at the official Zimbabwe dollar exchange rate, are as follows:

	2002	*2001**		**2002**	*2001**
Equity	**393**	513	*Property, plant and equipment*	**216**	269
Minority interests	**46**	50	*Growing crops*	**334**	286
Deferred tax	**138**	151	*Current assets*	**986**	711
Borrowings	**3**	4	*Current liabilities*	**(956)**	(548)
	580	718		**580**	718
Revenue	**2 180**	1 246	*Total net earnings*	**117**	235

** Restated to conform to new Group accounting policies.*

8. INVENTORIES (Rmillion)

	Group 2002	Group 2001	Company 2002	Company 2001
Raw materials	**152**	195	**55**	51
Work in progress	**111**	92	**4**	7
Finished goods	**846**	675	**698**	555
Consumable stores	**98**	84	**65**	54
Development properties	**256**	284		
	1 463	1 330	**822**	667

9. SHARE CAPITAL (Rmillion)

	2002	2001
Authorised:		
150 000 000 ordinary shares of R1 each	**150**	150
Issued and fully paid:		
101 351 797 (2001 - 101 124 897)	**101**	101

Unissued:
Under option to employees, for a period of ten years from date granted, to subscribe for 5 957 600 shares at an average price of R39,50 per share (2001 – 4 868 300 shares at R36,55 per share).
Under control of directors for the purposes of the company's share incentive scheme 4 177 580 shares (2001 – 5 244 189 shares).
Under control of directors in terms of a shareholders' resolution 38 513 023 shares (2001 – 38 762 614 shares).

Details of share options are set out in note 22.

10. DEFERRED TAX (Rmillion)

	Group 2002	Group 2001	Company 2002	Company 2001
Restated balance at beginning of year	**912**	748	**306**	295
Accounted for in equity	**25**	(22)	**25**	(20)
Prior years	**(10)**	16	**(13)**	(4)
Currency alignment	**(5)**	3		
Foreign tax rate change		(2)		
AC 133 adjustment		2		
Current year charge on:				
Earnings before exceptional items	**92**	176	**91**	44
Exceptional items	**(2)**	(9)	**(2)**	(9)
Balance at end of year	**1 012**	912	**407**	306
Comprising temporary differences relative to:				
Property, plant and equipment	**865**	847	**346**	355
Growing crops	**42**	49	**30**	29
Export partnership	**210**	210	**210**	210
Current assets	**61**	71	**12**	18
Current liabilities	**(103)**	(106)	**(89)**	(103)
Tax losses	**(128)**	(241)	**(105)**	(209)
Other	**65**	82	**3**	6
	1 012	912	**407**	306

11. ***BORROWINGS*** *(Rmillion)*

	Effective interest rate (%)	Group 2002	Group 2001	Company 2002	Company 2001
Long-term		***614***	*1 165*	***183***	*242*
Short-term		***296***	*288*	***71***	*162*
Bank overdraft		***21***	*49*		
		931	*1 502*	***254***	*404*
Long-term borrowings comprise:					
Secured:					
SA Rand					
Finance leases (refer to note 25)	*12,2-15,2*	***11***	*19*		*5*
Unsecured:					
SA Rand					
Repayable 2003/2004	*15,0*	***183***	*252*	***183***	*252*
Repayable 2003/2008	*12,7*	***187***	*206*		
Repaid			*60*		*60*
Foreign					
Repayable 2003/2009	*Libor + 0,4*	***265***	*530*		
Repayable 2003/2024	*0-12,7*	***129***	*282*		
		764	*1 330*	***183***	*312*
Total long-term borrowings		***775***	*1 349*	***183***	*317*
Less: Current portion included in short-term borrowings		***161***	*184*		*75*
		614	*1 165*	***183***	*242*

Plant and machinery with a book value of R55 million are encumbered as security for the secured finance lease obligations and as security for certain short-term borrowings of R18 million.

Unsecured Rand denominated long-term loans of R370 million (2001 – R458 million) are shown net after set-off of related investments totalling R1 016 million (2001 - R867 million).

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

Group short-term borrowings include an amount of R64 million owing to a joint venture of the Group.

Summary of future loan repayments by financial year:

Year	*2004*	*2005*	*2006*	*2007*	*2008*	*2009*	*Thereafter*
Rmillion	*188*	*91*	*88*	*97*	*61*	*23*	*66*

In terms of the company's articles of association the borrowing powers of the Group are limited to R6 858 million.

12. PROVISIONS (Rmillion)

	Group		Company	
	2002	2001	**2002**	2001
Post-retirement medical aid obligations	**199**	185	**170**	160
Retirement gratuity obligations	**43**	37	**39**	34
Other	**3**	3	**3**	3
	245	225	**212**	197

13. OPERATING EARNINGS FROM CONTINUING OPERATIONS (Rmillion)

	Group		Company	
	2002	2001	**2002**	2001
Revenue	**6 103**	4 993	**4 102**	3 345
Cost of sales	**(4 480)**	(3 670)	**(2 978)**	(2 475)
Administration expenses	**(705)**	(713)	**(512)**	(489)
Marketing and selling expenses	**(301)**	(255)	**(184)**	(172)
Other income/(expenses)	**121**	241	**68**	(50)
Operating earnings	**738**	596	**496**	159
Disclosable items:				
Income from unlisted investments	**1**	2	**1**	2
Surplus on disposal of plant and equipment		7		7
Foreign exchange (loss)/gain	**(38)**	84	**(7)**	25
Changes in fair value of financial instruments	**(51)**	80	**(35)**	59
Depreciation charged				
- Buildings	**12**	8	**4**	3
- Plant and equipment	**121**	126	**86**	90
- Vehicles and other	**37**	25	**30**	19
Management fees paid to subsidiaries			**20**	25
Management fees paid to third parties	**4**	3		
Technical fees paid	**15**	11	**15**	11
Operating lease charges (property, plant and vehicles)	**11**	8	**7**	6
Auditors' remuneration paid				
- Fees	**4**	3	**2**	2
- Other services	**1**			
Remuneration of directors and alternate directors				
Executives				
- Fees	**0,4**	0,3	**0,4**	0,3
- Salaries, benefits and other emoluments	**15,8**	15,2		
- Performance related payments	**4,9**	7,0		
- Gains on share options exercised	**0,2**	0,6	**0,2**	0,6
Non-executives				
- Fees	**0,5**	0,3	**0,5**	0,3
- Benefits and other emoluments	**0,8**	0,3	**0,8**	0,3

14. DIVIDENDS RECEIVED FROM SUBSIDIARIES (Rmillion)

	Group		Company	
	2002	2001	**2002**	2001
Triangle	**71**	76		
Other subsidiaries			**137**	87
	71	76	**137**	87

15. NET INTEREST (Rmillion)

	Group 2002	Group 2001	Company 2002	Company 2001
Interest paid	**(306)**	(304)	**(201)**	(204)
Financial instrument income	**149**	127	**149**	127
Interest capitalised		27		
Interest received - external	**57**	68	**13**	23
Interest received - subsidiaries			**33**	29
	(100)	(82)	**(6)**	(25)
Comprising:				
Continuing operations	**(100)**	(75)	**(6)**	(19)
Discontinued operations		(7)		(6)
	(100)	(82)	**(6)**	(25)

16. EXCEPTIONAL ITEMS (Rmillion)

	Group 2002	Group 2001	Company 2002	Company 2001
Surplus on sale of property held as fixed assets	**9**	9	**3**	2
Goodwill amortised	**(2)**	(3)		
Surplus on disposal of subsidiaries		7		20
Loss on disposal of operations		(8)		(5)
Impairment of assets		(8)		(8)
Other	**(1)**	(2)	**(1)**	(2)
Exceptional items before tax	**6**	(5)	**2**	7
Tax (refer note 17)	**2**	10	**2**	9
Exceptional items after tax	**8**	5	**4**	16

17. TAX (Rmillion)

	Group 2002	Group 2001	Company 2002	Company 2001
Tax on earnings before exceptional items:				
Current	**20**	17		
Deferred	**92**	176	**91**	44
Secondary tax on companies	**26**	9	**26**	9
Prior years	**(9)**	9	**(13)**	(10)
Foreign tax rate change		(2)		
	129	209	**104**	43
Tax on exceptional items:				
Current		(1)		
Deferred	**(2)**	(9)	**(2)**	(9)
	(2)	(10)	**(2)**	(9)
Tax for the year	**127**	199	**102**	34
Foreign tax included above	**19**	12		

17. **TAX** *continued*

	Group		Company	
	2002	2001	**2002**	2001
Normal rate of South African tax	**30,0%**	30,0%	**30,0%**	30,0%
Adjusted for:				
Non-taxable income	**(9,0)**	(12,0)	**(15,9)**	(19,0)
Assessed losses	**(1,7)**	2,7		
Non-allowable expenditure	**0,3**	1,2	**0,1**	4,8
Secondary tax on companies	**4,6**	1,0	**4,1**	4,1
Prior years	**(1,7)**	0,9	**(2,1)**	(4,6)
Effective rate of tax	**22,5%**	23,8%	**16,2%**	15,3%

Tax losses of R427 million (2001 - R782 million) have been utilised to reduce deferred tax. No deferred tax asset has been raised in respect of the tax losses of a South African subsidiary where future profitability is uncertain and a foreign subsidiary where current projections indicate that the tax losses will not be utilised in the short-term and may therefore expire in terms of applicable tax legislation.

18. **HEADLINE EARNINGS** (Rmillion)

	Group	
	2002	2001
Total net earnings	**401**	618
Less after tax effect of:		
Exceptional items (note 16)	**(8)**	(5)
Surplus on disposal of plant and equipment		(5)
Headline earnings	**393**	608

19. **EARNINGS PER SHARE**

Earnings per share are calculated using the weighted average number of ordinary shares in issue during the year. In the case of basic earnings per share the weighted average number of shares in issue during the year is 101 268 995 (2001 - 100 934 342) and in respect of diluted earnings per share the weighted average number of shares is 102 870 348 (2001 - 101 945 498).

20. **DIVIDENDS** (Rmillion)

	2002	2001
Paid:		
Final for previous year, paid April 2002 - 208 cents (2001 – 150 cents)	**211**	151
Interim for current year, paid August 2002 - 80 cents (2001 – 62 cents)	**81**	63
	292	214

The final dividend for the year ended 31 December 2002 of 190 cents per share declared on 19 February 2003 and payable on 3 April 2003 has not been accrued.

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 various designated industry or state schemes. The Group schemes are governed by the relevant retirement fund legislation. Their assets consist primarily of listed shares, fixed income securities, property investments and money market instruments and are held separately from those of the Group. The scheme assets are administered by boards of trustees, each of which includes elected employee representatives.

Defined Benefit Pension Scheme

There is one defined benefit scheme for employees including those of the Hulett Aluminium Joint Venture. This scheme is actuarially valued at intervals of not more than three years using the projected unit credit method. The last statutory actuarial valuation of the scheme was carried out at 31 December 1998, and the scheme was certified by the reporting actuary to be in a sound financial position. With effect from 7 December 2001 The Pension Funds Second Amendment Bill was enacted. In terms of these amendments any surplus residing in pension funds governed by the South African Pension Funds Act of 1956 must be allocated on a fair basis to current and past members of the respective funds. The statutory actuarial valuation of the scheme which was due to be carried out as at 31 December 2001, cannot be completed as the regulations required to quantify and implement the requirements of The Pension Fund Second Amendment Act have not yet been promulgated. Accordingly due to the uncertainty regarding entitlement, in terms of legislation, no surplus has been recognised on the Group's Balance Sheet.

An actuarial valuation of liabilities, based on the existing benefits, carried out as at 31 December 2002 in accordance with accounting statement AC 116 (Employee Benefits) showed the present value of obligations to be adequately covered by the fair value of the scheme assets.

	Group	
	2002 Rmillion	2001 Rmillion
Details of the valuation are as follows:		
Fair value of scheme assets	**2 736**	2 942
Present value of obligation	**(2 215)**	(2 261)
	521	681
The reconciliation for the year is as follows:		
Opening balance	**681**	382
Interest costs	**(349)**	(248)
Service costs	**(52)**	(48)
Contributions paid	**52**	58
Expected return on scheme assets	**348**	282
Actuarial (losses)/gains	**(159)**	255
Closing balance	**521**	681
Actual return on scheme assets:	**8**	646
Included in the assets of the scheme are ordinary shares held in The Tongaat-Hulett Group Limited, at fair value	**64**	74
The principal actuarial assumptions are:		
Discount rate	**11,5%**	12,0%
Salary cost inflation	**8,0%**	8,5%
Pension increase allowance	**6,5%**	7,0%
Expected rate of return on assets	**11,5%**	12,0%

21. *RETIREMENT BENEFITS* *continued*

Defined Contribution Pension and Provident Schemes

There are four Group defined contribution schemes, one of which is located in Swaziland. The latest audited financial statements of these schemes all reflect a satisfactory state of affairs. Contributions of R12 million were expensed during the year (2001 - R15 million).

Defined Benefit Post-Retirement Medical Aid Benefits

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

The provision of R185 million, brought forward from the prior year has been increased by R14 million in the current year. The current year movement comprises service costs of R3 million, interest costs of R21 million, benefit payments of R13 million and actuarial losses recognised of R3 million. Actuarial losses to be recognised in future years amount to R4 million. The principal acturial assumptions in the latest valuation were health care cost inflation of 8,5 percent per annum (2001 – 1,7 percent) and a discount rate of 11,5 percent per annum (2001 – 11,0 percent).

Defined Benefit Retirement Gratuities

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

The provision of R37 million brought forward from the prior year has been increased by a further R 6 million in the current year comprising service costs of R2 million, interest costs of R4 million, benefit payments of R2 million and actuarial losses recognised of R2 million. Actuarial losses to be recognised in future years amount to R3 million. The principal actuarial assumptions in the latest valuation were salary inflation of 8,5 percent per annum (2001 - 8,0 percent) and a discount rate of 11,5 percent per annum (2001 - 11,5 percent).

22. *SHARE OPTIONS*

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

Option price Rand	Expiring ten years from	Number of options at 31 Dec 2001	Options granted in 2002	Options exercised in 2002	Options forfeited in 2002	Number of options at 31 Dec 2002	Options time constrained
18,33	16 June 1993	121 340		13 820		107 520	
28,33	4 March 1994	19 200				19 200	
40,50	20 September 1994	562 760		74 740		488 020	
40,00	24 March 1995	97 400				97 400	
33,25	4 November 1998	242 400		10 400		232 000	92 800
32,90	5 March 1999	1 483 800		102 000		1 381 800	829 080
40,10	7 May 1999	651 900		21 540	1 600	628 760	377 256
30,00	19 May 2000	206 700		4 400		202 300	161 840
29,40	26 July 2000	22 300				22 300	17 840
39,85	12 January 2001	134 600				134 600	134 600
40,00	16 May 2001	1 259 900			17 700	1 242 200	1 242 200
42,00	15 August 2001	66 000				66 000	66 000
49,60	13 May 2002		1 341 000		5 500	1 335 500	1 335 500
		4 868 300	1 341 000	226 900	24 800	5 957 600	4 257 116

23. DIRECTORS' REMUNERATION AND INTERESTS

Directors' remuneration (R000)

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

Name	Fees	Salary	Bonus	Retirement and medical contributions	Other benefits	Share option gains	**2002 Total**	2001 Total
Executive directors:								
D G Aitken	46	976	478	135	271		**1 906**	1 944
B G Dunlop	46	1 096	558	155	153		**2 008**	2 010
A Fourie (from 10 May 2002)	25	604	281	86	244		**1 240**	
G R Hibbert	46	824	412	115	501		**1 898**	1 504
G P N Kruger	46	1 067	541	143	140	152	**2 089**	2 257
J B Magwaza	46	932	462	132	269		**1 841**	1 833
S J Saunders	46	1 037	514	150	311		**2 058**	2 094
C M L Savage (to 10 May 2002)	34	820	412	123	2 260*		**3 649**	4 409
M Serfontein	46	835	409	125	345		**1 760**	1 742
P H Staude	46	1 713	820	201	117		**2 897**	2 620
Directors retired/resigned								2 703
	427	9 904	4 887	1 365	4 611	152	**21 346**	23 116

* Including accrued leave and retirement gratuity

Name	Fees	Other	**2002 Total**	2001 Total
Non-executive directors:				
D D Barber	46		**46**	
L Boyd	46	40	**86**	60
E le R Bradley	46	78	**124**	94
E K Diack	46	59	**105**	76
M W King	46	29	**75**	30
M Mia	46	49	**95**	95
T H Nyasulu	46	23	**69**	65
C M L Savage (from 11 May 2002)	96	341	**437**	
R H J Stevens	46	69	**115**	70
A M Thompson (from 31 July 2002)	21		**21**	
Directors retired/resigned	47	88	**135**	159
	532	776	**1 308**	649

23. DIRECTORS' REMUNERATION AND INTERESTS *continued*

Interest of directors of the company in share capital

The aggregate beneficial holdings as at 31 December 2002 of those directors of the company holding issued ordinary shares of the company are detailed below.

	2002		2001	
Name	Direct shares	Indirect shares	Direct shares	Indirect shares
Executive directors:				
D G Aitken		52 500		52 500
G R Hibbert	20 562		20 562	
G P N Kruger	205		100	
S J Saunders		750 017		750 017
M Serfontein	500	8 000	500	8 000
P H Staude	7 249		7 249	
	28 516	810 517	28 411	810 517
Non-executive directors:				
E le R Bradley		98 000		17 669
C M L Savage	24 003	73 225	24 003	73 225
R H J Stevens	618		618	
	24 621	171 225	24 621	90 894

Interest of directors of the company in share options

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

Name	Number of shares at 31 Dec 2001	Options granted during the year	Options exercised during the year	Number of shares at 31 Dec 2002	Average price Rand
Executive directors:					
D G Aitken	109 400	10 000		119 400	39,06
B G Dunlop	128 440	25 000		153 440	38,79
A Fourie	51 200	35 000		86 200	40,76
G R Hibbert	92 600	15 000		107 600	37,12
G P N Kruger	111 600	25 000	7 000	129 600	38,46
J B Magwaza	122 560	10 000		132 560	37,58
S J Saunders	116 960	18 000		134 960	36,92
M Serfontein	101 400	15 000		116 400	38,74
P H Staude	137 800	65 000		202 800	39,54
Non-executive directors:					
C M L Savage	140 000			140 000	36,98
	1 111 960	218 000	7 000	1 322 960	

24. GUARANTEES AND CONTINGENT LIABILITIES (Rmillion)

	Group		Company	
	2002	2001	**2002**	2001
Guarantees in respect of obligations of the Group and third parties	**28**	9	**21**	4
Contingent liabilities	**16**	3	**1**	
	44	12	**22**	4

25. **LEASES** *(Rmillion)*

	Group 2002	Group 2001	Company 2002	Company 2001
Amounts payable under finance leases				
Minimum lease payments due:				
Within one year	**5**	13		6
Within two to five years	**8**	9		
After five years	**2**	2		
	15	24		6
Less future finance charges	**(4)**	(5)		(1)
Present value of lease obligations	**11**	19		5
Payable:				
Within one year	**3**	12		5
Within two to five years	**6**	7		
After five years	**2**			
	11	19		5
Operating lease commitments, amounts due:				
Within one year	**13**	6	**11**	4
Within two to five years	**18**	18	**16**	16
After five years	**13**	16	**2**	4
	44	40	**29**	24
In respect of:				
Property	**28**	36	**14**	20
Plant and machinery	**2**	1	**2**	1
Other	**14**	3	**13**	3
	44	40	**29**	24

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

	Group 2002	Group 2001	Company 2002	Company 2001
Contracted	**90**	75	**54**	42
Approved but not contracted	**221**	67	**56**	37
	311	142	**110**	79

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

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

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

The outstanding balances at year end are as follows:

	Group 2002	Group 2001	Company 2002	Company 2001
Included in:				
Accounts receivable	**7**	5	**7**	5
Borrowings	**1**	23	**1**	

28. *FINANCIAL RISK MANAGEMENT*

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

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

Credit risk

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

Foreign currency risk

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

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

	Group				Company			
			2002	2001			**2002**	2001
	Average contract rate	Commitment (Rmillion)	**Fair value of FEC (Rmillion)**	Fair value of FEC (Rmillion)	Average contract rate	Commitment (Rmillion)	**Fair value of FEC (Rmillion)**	Fair value of FEC (Rmillion)
Imports								
UK pounds	15,37	2						
Other currencies		1		2				
		3		2				
Exports								
Euro	12,15	4	**1**					
US dollars	9,98	319	**35**	(91)	10,31	188	**24**	(66)
UK pounds	12,03	2						
		325	**36**	(91)		188	**24**	(66)
Loan capital payments and interest								
US dollars	12,82	433	**(122)**	195				
Net total		761	**(86)**	106		188	**24**	(66)

The hedges in respect of imports and exports are expected to mature within approximately one year. The hedges in respect of the capital payments and interest on the loan will mature during 2003.

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

28. ***FINANCIAL RISK MANAGEMENT*** *continued*

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

	Group				Company			
	Average contract rate	Commitment (Rmillion)	**2002 Fair value of FEC (Rmillion)**	2001 Fair value of FEC (Rmillion)	Average contract rate	Commitment (Rmillion)	**2002 Fair value of FEC (Rmillion)**	2001 Fair value of FEC (Rmillion)
Imports								
Australian dollars	5,53	7	**(1)**		5,53	7	**(1)**	
Euro	10,74	14	**(2)**		10,74	14	**(2)**	
US dollars	9,19	5		3	9,19	5		3
Swiss francs	6,89	1		1	6,89	1		1
		27	**(3)**	4		27	**(3)**	4
Exports								
Australian dollars	5,22	1			5,22	1		
US dollars	9,47	8	**1**	1	9,47	8	**1**	1
		9	**1**	1		9	**1**	1
Net total		36	**(2)**	5		36	**(2)**	5

The Group has the following uncovered export trade debtors:

	Group			Company		
	Foreign amount (million)	**2002 (Rmillion)**	2001 (Rmillion)	Foreign amount (million)	**2002 (Rmillion)**	2001 (Rmillion)
Australian dollars	1,1	**5**		1,1	**5**	
Euro	1,6	**15**				
Mozambique meticais	56,4	**20**		56,4	**20**	
UK pounds	0,7	**10**	10			
US dollars	11,8	**101**	16	0,2	**1**	5
		151	26		**26**	5

Commodity price risk

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

African Products has secured its maize requirements for the current maize season to 31 May 2003 and its requirements for the year ending 31 May 2004 by means of fixed price contracts, futures and options.

Hulett Aluminium purchases its aluminium raw material at prices that fluctuate with movements in the London Metal Exchange price for aluminium and foreign exchange rates. The Group hedges exposure to movements in the price of aluminium arising from fixed price sales contracts by entering into fixed price purchase contracts with suppliers and by futures and options contracts.

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

28. ***FINANCIAL RISK MANAGEMENT*** *continued*

At the year end the futures and options contracts where delivery will not be taken were:

Options:

	Group				Company			
	Tons	Strike price per ton (Rand)	**2002 Fair value (Rmillion)**	2001 Fair value (Rmillion)	Tons	Strike price per ton (Rand)	**2002 Fair value (Rmillion)**	2001 Fair value (Rmillion)
Maize puts	560 100	1 403	**(20)**		560 100	1 403	**(20)**	
Maize calls	137 200	1 888	**8**	(24)	137 200	1 888	**8**	(24)
Aluminium puts				18				
Aluminium calls				1				
			(12)	(5)			**(12)**	(24)

Futures:

	Group				Company			
	Tons	Contract value (Rmillion)	**2002 Fair value (Rmillion)**	2001 Fair value (Rmillion)	Tons	Contract value (Rmillion)	**2002 Fair value (Rmillion)**	2001 Fair value (Rmillion)
Maize futures purchased	360 300	41	**(41)**	84	360 300	41	**(41)**	84
Maize futures sold	72 500	6	**6**		72 500	6	**6**	
Raw sugar futures purchased	58 500	74		(5)	58 500	74		(5)
Raw sugar futures sold	110 350	117		(2)	110 350	117		(2)
Aluminium futures sold	1 800	21		3				
			(35)	80			**(35)**	77

Interest rate risk

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

Liquidity risk

The Group manages its liquidity risk by monitoring forecast cash flows on a weekly basis. The Group has unutilised committed banking facilities of R930 million (2001 - R940 million).

29. *CHANGES IN ACCOUNTING POLICIES* (Rmillion)

Restatement of comparatives

The adoption of accounting statement AC 137 (Agriculture) and changes in accounting policies in relation to the sugar operations, maize futures and option contracts has resulted in comparative figures being adjusted as follows:

Balance sheet	*Group*	*Company*
Equity as previously reported	4 038	2 723
Effect of changes in accounting policies	(18)	(36)
Decrease in property, plant and equipment	(84)	(54)
Increase in growing crops	132	82
Increase in derivative assets	9	9
Increase in sugar inventories	440	440
Decrease in accounts receivable	(539)	(539)
Decrease in accounts payable	10	10
Decrease in deferred tax	14	16
Adjusted equity at 1 January 2001	4 020	2 687

Income statement		
Total net earnings as previously reported	609	185
Increase in operating earnings arising from accounting policy changes:		
African Products	51	51
Tongaat-Hulett Sugar	(39)	(46)
Deferred tax thereon	(3)	(2)
Adjusted total net earnings	618	188

30. *PRINCIPAL SUBSIDIARY COMPANIES AND JOINT VENTURES* (Rmillion)

	Interest of Holding Company			
	Shares		*Indebtedness*	
	2002	2001	**2002**	2001
African Products (Pty) Limited	**15**	15	**(15)**	(15)
** Hulett Aluminium (Pty) Limited (50%)*	**7**	7	**57**	222
Hulett-Hydro Extrusions (Pty) Limited (35%)				
Moreland Estates (Pty) Limited			**173**	235
Tongaat-Hulett Sugar Limited	**333**	333	**19**	(41)
Tambankulu Estates Limited (Swaziland)				
Açucareira de Mocambique, SARL (Mozambique) (75%)				
+Triangle Sugar Corporation Limited (Zimbabwe)				
The Tongaat Group Limited	**54**	54	**(4)**	(11)
	409	409	**230**	390

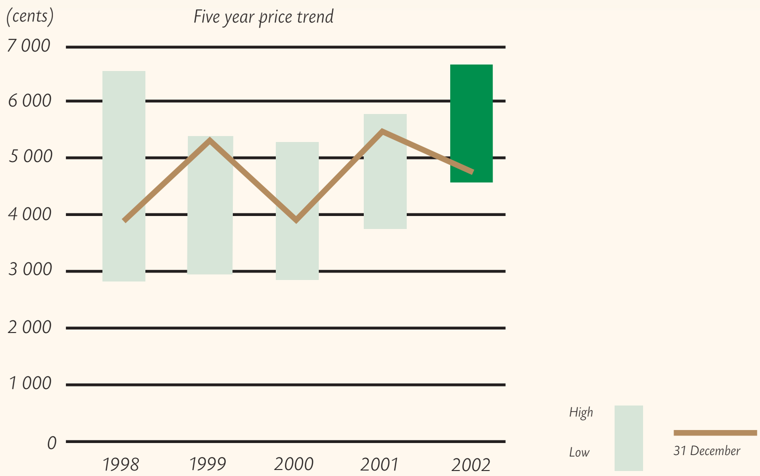
** Joint Venture + Not consolidated*

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

Share Ownership Analysis *at 31 December 2002*

Number of shareholders	Spread	Shares held	% Held
4 020	1 - 500 shares	769 297	0,76
2 167	501 - 2 500 shares	2 593 090	2,56
491	2 501 - 5 000 shares	1 772 189	1,74
270	5 001 - 10 000 shares	1 953 799	1,93
326	more than 10 000 shares	94 263 422	93,01
7 274	Total	101 351 797	100,00
	Category		
5 276	Individuals	5 675 658	5,60
21	Insurance and assurance companies	2 563 474	2,53
131	Pension and provident funds	14 358 231	14,17
178	Banks and nominee companies	9 515 666	9,39
1 667	Investment trusts and other companies	15 581 168	15,37
1	Anglo South Africa Capital (Pty) Limited	53 657 600	52,94
7 274	Total	101 351 797	100,00
	Type of shareholder		
7 247	Public	43 769 693	43,19
27	Non-public	57 582 104	56,81
7 274	Total	101 351 797	100,00
	Analysis of non-public shareholders		
9	Directors	1 034 879	1,02
14	Associates of directors	1 504 289	1,48
3	Pension and provident funds	1 385 336	1,37
1	Over 10 percent	53 657 600	52,94
27	Total	57 582 104	56,81
	Shareholdings over five percent		
	Anglo South Africa Capital (Pty) Limited	53 657 600	52,94
	Public Investment Commissioner	7 889 097	7,78

Share Price Performance



Shareholders' Diary

Financial year end		31 December
Annual general meeting		April
Reports and profit statements:		
Interim results		July
Profit announcement and final dividend declaration		February
Annual financial statements		March
Dividends:		
Interim	Declared	July
	Paid	September
Final	Declared	February
	Paid	April

Corporate Information

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

Group Secretary

M A Kennedy (61)
Employed 1973,
Appointed group secretary 1995

Business and Postal Address

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Tongaat 4400

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

Bankers

First National Bank of Southern Africa Limited

Nedcor Bank Limited

The Standard Bank of South Africa Limited

ABSA Bank Limited

Attorneys

Cox Yeats

Garlicke & Bousfield

Shepstone & Wylie

Taback & Associates

Auditors

Deloitte & Touche

Securities Exchange Listings

South Africa (Primary):
JSE Securities Exchange South Africa

United Kingdom (Secondary):
London Stock Exchange

Transfer Secretaries

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

United Kingdom:
Capita IRG plc
Bourne House
34 Beckenham Road
Kent BR3 4TU

Executive Directors

P H Staude

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

Peter (49) joined the Tongaat-Hulett Group in 1978, becoming Managing Director of Hulett Aluminium Rolled Products in 1990, a subsidiary of Hulett Aluminium where he was instrumental in leading the finalisation of the total concept behind the Rolled Products expansion project. He became Managing Director of Hulett Aluminium and Chairman of Hulett-Hydro Extrusions in 1996 and Chairman of African Products in May 2000. He was appointed to the Tongaat-Hulett Group Board in 1997 and became Chief Executive in May 2002.

D G Aitken

Group Financial Director
CA (SA)

Doug (60) joined the Tongaat-Hulett Group in 1969, becoming Group Accountant in 1973, Group Secretary in 1976 and Group Financial Manager in 1985. He was appointed to the Tongaat-Hulett Group Board in 1996 and became Group Financial Director in 2000.

B G Dunlop

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

Bruce (49) joined the Tongaat-Hulett Group in 1980, becoming Financial Director of Tongaat Oil Products in 1983 and Managing Director of the Maize, Animal Feeds and Poultry Division of Tongaat Foods in 1988. He was appointed Managing Director of Hulett Refineries in 1993, Managing Director of Tongaat-Hulett Sugar in 1995 and is currently Chairman of the South African Sugar Association. He was appointed to the Tongaat-Hulett Group Board in 1997.

A Fourie

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

Alan (53) joined the Tongaat-Hulett Group in 1979, becoming Financial Manager for Hulett Aluminium in 1983, Financial Director in 1985 and Managing Director of Hulett Aluminium in 2002. He was appointed to the Tongaat-Hulett Group Board in 2002.

G R Hibbert

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

Gordon (56) joined the Tongaat-Hulett Group in 1972, becoming Financial Manager of Tongaat-Hulett Sugar in 1978, General Manager of Tongaat–Hulett Properties in 1979 and Managing Director of that company and Moreland Estates in 1982. He was appointed to the Tongaat-Hulett Group Board in 1998.

G P N Kruger

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

Nico (45) joined the Tongaat-Hulett Group in 1982, becoming Business Development Director for African Products in 1992. He became Managing Director in 1995 and was instrumental in the integration of the Kliprivier project into African Products. He was appointed to the Tongaat-Hulett Group Board in 1997.

J B Magwaza

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

JB (60) joined the Tongaat-Hulett Group in 1975, becoming Personnel Director for Hulett Refineries in 1988. He was appointed Personnel Director for Hulett Aluminium in 1992 and became Executive Director on the Tongaat-Hulett Group Board in 1994.

S J Saunders

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

Steven (43) joined the Tongaat-Hulett Group in 1986, becoming Export Director for Hebox Textiles in 1991 and Chairman of various Tongaat owned companies, which have subsequently been sold. He was appointed Chairman, Tongaat-Hulett Sugar in 1995 and Chairman of Moreland in 2000. He was appointed to the Tongaat-Hulett Group Board in 1991.

M Serfontein

Group Human Resources Director
BCom (Hons)

Menanteau (50) joined the Tongaat-Hulett Group in 1983, becoming Personnel Director for Hulett Aluminium in 1989. He successfully completed the Certificate Programme in Industrial Relations (Wits) and has attended executive programmes at Harvard and Columbia Business Schools and Henley Management College. He was appointed to the Tongaat-Hulett Group Board in 1996.

Non-Executive Directors

C M L Savage

Chairman
BSc (Mech Eng), MBA, ISMP (Harvard)

Cedric (64) joined the Tongaat-Hulett Group in 1977 as Managing Director of Tongaat Foods becoming Executive Chairman of Toncoro Limited in 1985. He was appointed to the Tongaat-Hulett Group Board in 1981, serving as Chief Executive from 1991 to 2000. He was appointed Executive Chairman in 2000, combining the roles of Chief Executive and Chairman until his retirement from executive duties in 2002.

Non-Executive Directors *continued*

D D Barber

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

David (50) spent 20 years with the Anglovaal Group and was Executive Director Finance at the time of its unbundling. After a short tenure as Chief Financial Officer at Fedsure Holdings, he joined the Anglo American Corporation of South Africa Limited as Finance Director in 2002. He was appointed to the Tongaat-Hulett Board in 2002.

L Boyd

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

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

E K Diack

Chief Executive Officer, Anglo Industries and Anglo Ferrous Metals Division and Director of Companies
CA (SA)

Eric (45) moved from Dorbyl where he was Group Financial Director to AMIC as Executive Director in 1996, becoming their Finance Director in 1997. He was moved across to the Anglo Ferrous/Anglo Industries Division as Executive Vice President – Finance in 1999, becoming CEO of Industries in 2000 an CEO of Anglo Ferrous in 2001. He was appointed to the Tongaat-Hulett Group Board in 1997.

M W King

Director of Companies
CA (SA), FCA

Michael (65) retired from executive duties as Executive Vice-Chairman, Anglo American plc, in 2001. He was previously Deputy Managing Director of Union Acceptances, (now Nedcor Investment Bank) and left to join Anglo American Corporation in 1974, becoming Executive Deputy Chairman in 1997. He serves as non-executive director on various boards. He was appointed to the Tongaat-Hulett Group Board in 1980.

A M Thompson

Chief Executive Officer, Mondi
BSc (Civil Eng), MBA

Andrew (45) commenced his career in Mondi's Forestry Division in 1986. He was appointed CEO in 1999 after serving as Deputy Managing Director since 1996. He was appointed to the Tongaat-Hulett Group Board in 2002.

Independent Non-Executive Directors

E le R Bradley

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

Elisabeth (64) has spent her whole working life with these family motor industry companies. Other non-executive directorships include Sasol, Anglogold and The Standard Bank Group. She was appointed to the Tongaat-Hulett Group Board in 1987.

M Mia

Deputy Chairman, Fasic Investment Corporation and Director of Companies

Mac (55) is founder member of Fasic Investment Corporation which has interests in Fasic Africa Limited. Formerly the Managing Director of New Republic Bank, he currently runs his own financial consultancy business. He was appointed to the Tongaat-Hulett Board in 1996.

T H Nyasulu

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

Hixonia (48) established her company in 1984, handling many projects requiring strategic intervention for private sector and public sector clients. She has also been a director of various JSE-listed companies since the early 1990's and was appointed to the Tongaat-Hulett Group Board in 2000.

R H J Stevens

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

Russell (62) is the founder and Chairman of the Three Cities Group, CEO and shareholder of Durban Adventures Limited, Chairman of Pleasure Foods and Director of the Compass Group, thus maintaining his interest in the service related sector. He is past Chairman of Tongaat Foods, a one time operating company of the Tongaat Group. He was appointed to the Tongaat-Hulett Group Board in 1977.

Alternate Directors

J A Thomas

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

Jacqui (34) joined the Finance Division of Anglo American in 1997 and became Vice President – Corporate Finance in 2002. She was appointed to the Tongaat-Hulett Group Board in 2001.

G F Young

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

Guy (32) joined the Finance Division of Anglo American in 1997 and became Vice President – Administration in 2002. He was appointed to the Tongaat-Hulett Group Board in 2001.

Notice is hereby given that the one hundred and eleventh annual general meeting of shareholders will be held at the Corporate Office, Amanzimnyama Hill, Tongaat, on Friday 11 April 2003 at 09:00 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 2002.

2. To elect directors in place of Messrs A Fourie, M Mia, C M L Savage, R H J Stevens, A M Thompson and Mrs E le R Bradley who retire in accordance with the articles of association and who, being eligible, offer themselves for re-election. Details of each of these retiring directors are set out on pages 74 and 75.

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

Special Resolution Number 1

"Resolved as a special resolution that:

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

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

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

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

(2) such acquisitions may not be made at a price greater than ten percent above the weighted average of the market value for the securities on the JSE Securities Exchange South Africa for the five business days immediately preceding the date on which the transaction for the acquisition was agreed; and

(3) when the company has cumulatively repurchased three percent of the initial number (the number of that class of shares in issue at the time that general authority from shareholders is granted) of the relevant class of securities, and for each three percent in aggregate of the initial number of that class acquired thereafter, a press announcement must be made giving the details required in terms of the listing requirements of the JSE Securities Exchange South Africa, in respect of such acquisitions."

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

Ordinary Resolution Number 1

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

Ordinary Resolution Number 2

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

Ordinary Resolution Number 3

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

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

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

(c) in determining the price at which an issue of shares will be made in terms of this authority, the maximum discount permitted shall be ten percent of the weighted average traded price of the shares in question over the 30 business days prior to the date that the price of the issue is determined or agreed by the directors."

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

Any shareholder entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend, speak and, on a poll, to vote in his stead. The proxy so appointed need not be a shareholder. Duly completed forms of proxy should be forwarded to reach the transfer secretaries by not less than 48 hours before the commencement of this meeting.

For and on behalf of the board

M A Kennedy
Group Secretary

Amanzimnyama
Tongaat, KwaZulu-Natal

19 February 2003

The Tongaat-Hulett Group Limited

Registration No. 1892/000610/06

FORM OF PROXY FOR THE 111th ANNUAL GENERAL MEETING

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

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

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

I / We ....
(Name in block letters)

of ....
(Address in block letters)

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

..
or failing him, Mr C M L Savage or failing him, Mr P H Staude as my/our proxy to vote for me/us on my/our behalf at the annual general meeting of the company to be held at 09:00 on Friday, 11 April 2003 for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat, at each adjournment thereof and to vote on the resolutions in respect of the ordinary shares registered in my/our name/s in accordance with the following instructions:

	Proposed resolution	***For***	***Against***	***Abstain***
1.	*Adoption of financial statements*			
2.	*Re-election of directors:*			
	E le R Bradley			
	A Fourie			
	M Mia			
	C M L Savage			
	R H J Stevens			
	A M Thompson			
3.	*Special Resolution number 1*			
	Ordinary Resolution number 1			
	Ordinary Resolution number 2			
	Ordinary Resolution number 3			

Insert an "X" in the relevant spaces above according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than you own in the company, insert the number of shares held in respect of which you wish to vote.

Signed this ....day of 2003

Signature ....

Completed Forms of Proxy must be received at the office of the company's transfer secretaries by not later than 09:00 on Wednesday, 9 April 2003. South Africa: Computershare Investor Services Limited, 70 Marshall Street, Marshalltown, Johannesburg, 2002 (P O Box 61051, Marshalltown, 2107). United Kingdom: Capita IRG plc, Bourne House, 34 Beckenham Road, Kent BR3 4TU.

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The Tongaat-Hulett Group Limited

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