

as at 31 December 2003

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

for the year ended 31 December 2003

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

# CASH FLOW STATEMENTS

The Tongaat-Hulett Group Limited

for the year ended 31 December 2003

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

# STATEMENT OF CHANGES IN EQUITY

The Tongaat-Hulett Group Limited

for the year ended 31 December 2003

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

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

**CHANGE IN ACCOUNTING POLICY**

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

**BASIS OF CONSOLIDATION**

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

and up to the effective dates of disposal. All material intra-group balances and transactions are eliminated. Results of subsidiaries are not equity accounted in the holding company's financial statements.

**DISCONTINUING OPERATIONS**

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

**PROPERTY, PLANT AND EQUIPMENT**

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

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

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

The rates of depreciation used are:

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

## **GROWING CROPS**

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

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

## **GOODWILL**

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

## **ASSOCIATE COMPANIES**

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

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

## **INVENTORIES**

Inventories are valued at the lower of cost or net realisable value determined in general on the first-in-first-out and average methods. The cost of

finished goods and work in progress comprises direct materials, labour and a portion of manufacturing overhead costs. Progress payments are deducted from work in progress where applicable. Development properties comprise land valued at cost and development expenditure attributable to unsold properties. Obsolete and slow moving inventories are identified and suitable reductions in value are made where necessary.

## **DEFERRED TAX**

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

## **IMPAIRMENT**

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

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

## **REVENUE**

Revenue comprises sales arising from normal trading activities excluding intra-group

transactions and is recognised when the significant risks and rewards of the goods are transferred to the buyer. In the determination of revenue VAT is excluded.

#### RESEARCH AND DEVELOPMENT

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

#### FOREIGN CURRENCIES

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

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

#### FINANCIAL INSTRUMENTS

##### Recognition

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

##### Measurement

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

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

##### Gains or losses on subsequent measurement

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

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

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

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

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

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

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

included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability.

#### **Set-off**

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

### **EMPLOYEE BENEFITS**

#### **Retirement funds**

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

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

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

#### **Post-retirement medical aid benefits and retirement gratuities**

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

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

<b>Group</b>	Total	Land and buildings	Plant and equipment	Vehicles and other	Capitalised leased plant and vehicles	Capital work in progress
Carrying value at beginning of year	4 104	685	3 072	205	9	133
Additions	351	7	102	19	86	137
Disposals	(21)	(14)	(4)			(3)
Depreciation	(223)	(9)	(178)	(32)	(4)	
Transfers		(10)	31	7		(28)
Currency alignment	(47)	(25)	(8)	(4)	(9)	(1)
Impairment	(2)		(2)			
<b>Carrying value at end of year</b>	<b>4 162</b>	<b>634</b>	<b>3 013</b>	<b>195</b>	<b>82</b>	<b>238</b>
Comprising:						
<b>2003</b>						
At cost	5 485	748	3 956	423	120	238
Less: Accumulated depreciation	1 323	114	943	228	38	
	<b>4 162</b>	<b>634</b>	<b>3 013</b>	<b>195</b>	<b>82</b>	<b>238</b>
<b>2002</b>						
At cost	5 287	790	3 922	397	45	133
Less: Accumulated depreciation	1 183	105	850	192	36	
	<b>4 104</b>	<b>685</b>	<b>3 072</b>	<b>205</b>	<b>9</b>	<b>133</b>
<b>Company</b>						
Carrying value at beginning of year	1 889	296	1 342	129	7	115
Additions	193	5	88	10		90
Disposals	(19)	(14)	(2)			(3)
Depreciation	(153)	(4)	(127)	(21)	(1)	
Transfers		(5)	36	(2)		(29)
Impairment	(2)		(2)			
<b>Carrying value at end of year</b>	<b>1 908</b>	<b>278</b>	<b>1 335</b>	<b>116</b>	<b>6</b>	<b>173</b>
Comprising:						
<b>2003</b>						
At cost	2 881	338	2 059	282	29	173
Less: Accumulated depreciation	973	60	724	166	23	
	<b>1 908</b>	<b>278</b>	<b>1 335</b>	<b>116</b>	<b>6</b>	<b>173</b>
<b>2002</b>						
At cost	2 759	346	1 988	281	29	115
Less: Accumulated depreciation	870	50	646	152	22	
	<b>1 889</b>	<b>296</b>	<b>1 342</b>	<b>129</b>	<b>7</b>	<b>115</b>

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

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

2. **GROWING CROPS** (Rmillion)

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

2. <b>GROWING CROPS</b> continued	Group		Company	
	<b>2003</b>	2002	<b>2003</b>	2002
Area under cane (hectares)				
South Africa	<b>13 436</b>	14 802	<b>13 436</b>	14 802
Mozambique	<b>7 480</b>	7 570		
Swaziland	<b>3 811</b>	3 754		
	<b>24 727</b>	26 126	<b>13 436</b>	14 802

3. <b>LONG-TERM RECEIVABLE</b> (Rmillion)	Group		Company	
	<b>2003</b>	2002	<b>2003</b>	2002
Advances to an export partnership	<b>210</b>	210	<b>210</b>	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. <b>GOODWILL</b> (Rmillion)	Group	
	<b>2003</b>	2002
At cost	<b>49</b>	49
Accumulated amortisation		
Balance at beginning of year	<b>9</b>	7
Current charge	<b>3</b>	2
Balance at end of year	<b>12</b>	9
Carrying value at end of year	<b>37</b>	40

Goodwill is amortised over 20 years.

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

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

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

#### 6. DERIVATIVE INSTRUMENTS (Rmillion)

The fair value of derivative instruments at year end was:

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

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

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

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

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

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:

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

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

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

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

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

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

	2003	2002		2003	2002
Equity	365	393	* Property, plant and equipment	22	216
Minority interest	9	46	Growing crops	392	334
Deferred tax	121	138	Current assets	486	986
Long-term borrowings	4	3	Current liabilities	(401)	(956)
	<b>499</b>	<b>580</b>		<b>499</b>	<b>580</b>
Revenue	954	2 180			
After tax earnings:					
Net operating earnings	152	37			
Surplus on revaluation of growing crops to current fair value	293	80			
Total net earnings	445	117			

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

8. INVENTORIES (Rmillion)	Group		Company	
	2003	2002	2003	2002
Raw materials	586	576	493	479
Work in progress	77	111	4	4
Finished goods	775	846	697	698
Consumable stores	117	98	57	65
Development properties	214	256		
	<b>1 769</b>	1 887	<b>1 251</b>	1 246

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

9. SHARE CAPITAL (Rmillion)	2003	2002
Authorised: 150 000 000 ordinary shares of R1 each	<b>150</b>	150
Issued and fully paid: 101 467 417 (2002 - 101 351 797)	<b>101</b>	101
Unissued: Under option to employees, for a period of ten years from date granted, to subscribe for 7 040 460 shares at an average price of R38,36 per share (2002 – 5 957 600 shares at R39,50 per share). Under control of directors for the purposes of the company's share incentive scheme 3 106 282 shares (2002 – 4 177 580 shares). Under control of directors in terms of a shareholders' resolution 38 385 841 shares (2002 – 38 513 023 shares).		

Details of share options are set out in note 24.

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

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

## 11. BORROWINGS (Rmillion)

	Group		Company	
	2003	2002	2003	2002
Short-term	<b>902</b>	296	<b>829</b>	71
Bank overdraft	<b>96</b>	21	<b>16</b>	
	<b>998</b>	317	<b>845</b>	71
Long-term	<b>371</b>	614		183
	<b>1 369</b>	931	<b>845</b>	254
Long-term borrowings comprise:				
		Effective interest rate (%)		
Secured:				
SA Rand				
Finance leases (refer to note 27)		11,3-15,2	<b>7</b>	11
Unsecured:				
SA Rand				
Repayable 2004		15,0	<b>103</b>	183
Repayable 2004/2008		12,7	<b>165</b>	187
Foreign				
Repayable 2004/2009		Libor + 0,4	<b>174</b>	265
Repayable 2004/2024		0-12,0	<b>98</b>	129
	<b>540</b>	764	<b>103</b>	183
Total long-term borrowings	<b>547</b>	775	<b>103</b>	183
Less: Current portion included in short-term borrowings	<b>176</b>	161	<b>103</b>	
	<b>371</b>	614		183

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

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

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

Summary of future loan repayments by financial year:

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

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

12. PROVISIONS (Rmillion)	Group		Company	
	2003	2002	2003	2002
Post-retirement medical aid obligations (note 23)	211	199	177	170
Retirement gratuity obligations (note 23)	46	43	41	39
Other	3	3	3	3
	<b>260</b>	245	<b>221</b>	212

13. TRADE AND OTHER PAYABLES (Rmillion)	Group		Company	
	2003	2002	2003	2002
Accounts payable	998	1 030	483	560
Maize obligations – interest bearing	553	446	553	446
	<b>1 551</b>	1 476	<b>1 036</b>	1 006

14. UNDERLYING OPERATING PROFIT (Rmillion)	Group		Company	
	2003	2002	2003	2002
Revenue	6 559	6 103	4 406	4 102
Cost of sales	(5 168)	(4 444)	(3 534)	(2 942)
Administration expenses	(712)	(661)	(515)	(516)
Marketing and selling expenses	(332)	(301)	(207)	(184)
Other income	105	121	69	68
Underlying operating profit	<b>452</b>	818	<b>219</b>	528

## Disclosable items:

Income from unlisted investments	1	1		1
Surplus on disposal of plant and equipment	2		1	
Depreciation charged				
- Buildings	9	12	4	4
- Plant and equipment	178	160*	126	125*
- Vehicles and other	36	37	23	30
Management fees paid to subsidiaries			10	20
Management fees paid to third parties	5	4		
Technical fees paid	16	15	16	15
Operating lease charges (property, plant and vehicles)	13	11	10	7
Auditors' remuneration paid				
- Fees	5	4	3	2
- Other services	1	1	1	

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

15. DIVIDENDS RECEIVED FROM SUBSIDIARIES (Rmillion)	Group		Company	
	2003	2002	2003	2002
Triangle	19	71		
Other subsidiaries			54	137
	<b>19</b>	71	<b>54</b>	137

16. VALUATION ADJUSTMENTS ON FINANCIAL INSTRUMENTS AND OTHER ITEMS (Rmillion)	Group		Company	
	2003	2002	2003	2002
Maize procurement contracts	(211)	(20)	(211)	(20)
Translation of foreign currency:				
– foreign cash holdings	(80)	(151)		
– other	(57)	(15)	(5)	
Export receivables	(33)	(26)	(7)	(5)
Other financial instruments	(17)	(3)	(7)	9
	<b>(398)</b>	<b>(215)</b>	<b>(230)</b>	<b>(16)</b>

  

17. NET FINANCING COSTS (Rmillion)	Group		Company	
	2003	2002	2003	2002
Interest paid	(438)	(340)	(386)	(235)
Financial instrument income	174	149	174	149
Realised gain on cash equivalent investment	43			
Interest received - external	69	57	32	13
Interest received - subsidiaries			30	33
	<b>(152)</b>	<b>(134)</b>	<b>(150)</b>	<b>(40)</b>

  

18. EXCEPTIONAL ITEMS (Rmillion)	Group		Company	
	2003	2002	2003	2002
Surplus on sale of property held as fixed assets	15	9	6	3
Goodwill amortisation	(3)	(2)		
Impairment of assets	(2)		(2)	
Other	(3)	(1)	(3)	(1)
Exceptional items before tax	<b>7</b>	<b>6</b>	<b>1</b>	<b>2</b>
Tax (refer note 19)	2	2	2	2
Exceptional items after tax	<b>9</b>	<b>8</b>	<b>3</b>	<b>4</b>

  

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

## 19. TAX continued

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

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

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

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

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

\* Previously accounted for directly in equity

## 21. EARNINGS PER SHARE

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

## 22. DIVIDENDS (Rmillion)

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

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

## 23. RETIREMENT BENEFITS

### Pension and provident fund schemes

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

### Defined benefit pension scheme

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

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

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

### Defined contribution pension and provident schemes

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

## 23. RETIREMENT BENEFITS (Rmillion) continued

**Post-retirement medical aid benefits**

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

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

**Retirement gratuities**

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

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

## 24. SHARE OPTIONS

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

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

## 25. DIRECTORS' REMUNERATION AND INTERESTS

### Directors' remuneration (R000)

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

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

\* Including accrued leave and retirement gratuity.

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

25. DIRECTORS' REMUNERATION AND INTERESTS *continued*

**Directors' remuneration (R000)**

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

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

\* Including accrued leave and retirement gratuity.

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

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

**Declaration of full disclosure**

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

## 25. DIRECTORS' REMUNERATION AND INTERESTS continued

### Interest of directors of the company in share capital

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

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

\* Restated

### Interest of directors of the company in share options

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

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

25. DIRECTORS' REMUNERATION AND INTERESTS *continued*
**Interest of directors of the company in share options** *continued*

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

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

## 25. DIRECTORS' REMUNERATION AND INTERESTS continued

### Interest of directors of the company in share options continued

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

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

25. DIRECTORS' REMUNERATION AND INTERESTS *continued*

Interest of directors of the company in share options *continued*

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

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

+ New appointment. Existing options were added to the opening balance.

\* The non-executive directors' share options were awarded when they were executive directors.

26. GUARANTEES AND CONTINGENT LIABILITIES (Rmillion)

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

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

28. CAPITAL EXPENDITURE COMMITMENTS (Rmillion)	Group		Company	
	2003	2002	2003	2002
Contracted	46	90	21	54
Approved but not contracted	85	221	46	56
	<b>131</b>	311	<b>67</b>	110

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

## 29. RELATED PARTY TRANSACTIONS (Rmillion)

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

The outstanding balances at year end are as follows:

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

30. FINANCIAL RISK MANAGEMENT

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

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

**Credit risk**

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

**Foreign currency risk**

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

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

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

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

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

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

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

The Group has the following uncovered foreign receivables:

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

### Commodity price risk

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

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

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

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

## 30. FINANCIAL RISK MANAGEMENT continued

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

Options:	Group				Company			
	Tons	Strike price per ton (Rand)	2003 Fair value (Rmillion)	2002 Fair value (Rmillion)	Tons	Strike price per ton (Rand)	2003 Fair value (Rmillion)	2002 Fair value (Rmillion)
Aluminium calls bought	7 650	11 673						
Maize				(12)				(12)
				(12)				(12)
Futures - hedge accounted:	Group				Company			
	Tons	Contract value (Rmillion)	2003 Fair value (Rmillion)	2002 Fair value (Rmillion)	Tons	Contract value (Rmillion)	2003 Fair value (Rmillion)	2002 Fair value (Rmillion)
Raw sugar futures purchased	19 800	20	(1)		19 800	20	(1)	
Raw sugar futures sold	29 812	40	2		29 812	40	2	
Aluminium futures sold	7 500	72	(8)					
Maize futures purchased	3 600	4		(11)	3 600	4		(11)
			(7)	(11)			1	(11)
Futures - not hedge accounted:	Group				Company			
	Tons	Contract value (Rmillion)	2003 Fair value (Rmillion)	2002 Fair value (Rmillion)	Tons	Contract value (Rmillion)	2003 Fair value (Rmillion)	2002 Fair value (Rmillion)
Maize futures purchased	165 200	161	33		165 200	161	33	
Less: settled in cash (margin calls)			(33)				(33)	
Other embedded derivatives:	Group				Company			
	Tons	Contract value (Rmillion)	2003 Fair value (Rmillion)	2002 Fair value (Rmillion)	Tons	Contract value (Rmillion)	2003 Fair value (Rmillion)	2002 Fair value (Rmillion)
Maize trader contracts				(24)				(24)

**Interest rate risk**

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

**Liquidity risk**

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

### 31. CHANGE IN ACCOUNTING POLICY (Rmillion)

#### Restatement of comparatives

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

	Group	Company
Equity as previously reported	4 567	2 881
Cumulative effect of change in accounting policy	(16)	(16)
Increase in maize inventory	424	424
Increase in current liability	(446)	(446)
Decrease in deferred tax	6	6
Adjusted equity at 1 January 2003	4 551	2 865
Cumulative effect of change in accounting policy analysed as:		
Decrease in retained earnings for 2002	(13)	(13)
Decrease in earnings for prior years	(3)	(3)
	(16)	(16)
<b>Income Statement</b>		
Total net earnings as previously reported	401	527
Increase in underlying operating profit	16	16
Increase in finance cost	(34)	(34)
Decrease in deferred tax	5	5
Adjusted total net earnings	388	514

### 32. PRINCIPAL SUBSIDIARY COMPANIES AND JOINT VENTURES (Rmillion)

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

\* Joint Venture + Not consolidated

Except where otherwise indicated, effective participation is 100 percent.

A full list of all subsidiaries and joint ventures is available from the group secretary on request.