

The company and group subscribe to the Code of Corporate Practices and Conduct as set out in the King Report on Corporate Governance.

Board of Directors

The company has a unitary board of directors that is balanced between executive and non-executive directors. Non-executive directors are chosen for their business acumen and skills pertinent to the business of the group and meet the criteria of the King Report. The board of directors is ultimately responsible for ensuring that the business is a thriving concern, and to this end effectively controls the group and its management and is involved in all decisions that are material for this purpose.

Chairman

The roles of the chairman and the chief executive are separated and the chairman is a non-executive director.

Financial statements

The company's directors are responsible for preparing the financial statements and other information presented in reports to shareholders in a manner that fairly presents the state of affairs and results of the group's business operations. The external auditors are responsible for carrying out an independent examination of the financial statements in accordance with generally accepted auditing standards and reporting their findings.

The annual financial statements are prepared in accordance with generally accepted accounting practice. They are based on appropriate accounting policies which have been consistently applied, except when otherwise stated in which case full disclosure is made, and are supported by reasonable and prudent judgements and estimates.

The directors have no reason to believe that the business will not be a going concern in the year ahead. The auditors concur with the opinion of the directors. Where the closure or discontinuation of an operation is anticipated, provision is made to reduce the carrying cost of the relevant assets to net realisable value if this is below cost. Provision is also made for any future operating losses incurred from the date of discontinuance to the anticipated disposal date of such assets.

Board meetings

The board of directors has five regular meetings a year. In addition, there is provision in the company's Articles of Association for decisions taken between meetings to be confirmed by way of directors' resolutions.

Audit Committee


The company has an Audit Committee which comprises a majority of non-executive directors, one of whom is the chairman of the Committee. Both the external and internal auditors have unrestricted access to this Committee whose main task is to ensure the maintenance of and, where necessary, review of the effectiveness of internal control in the group in the light of findings by the external or internal auditors.

Other areas covered include the review of important accounting issues, pending litigation, specific disclosures in the financial statements and a review of the major audit recommendations.

Internal control

The group maintains internal controls and systems designed to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability for its assets. Such controls and systems are based on established policies and procedures and are implemented by trained personnel with an appropriate segregation of duties. The effectiveness of these internal controls and systems is monitored in a number of ways, as set out below, dependent upon the particular circumstances :

- the aid of internal control checklists;
- the establishment of defalcation reporting procedures;
- the functions of the internal audit department; and
- adherence to performance standards.



The external auditors, through the audit work they perform, confirm that the abovementioned monitoring procedures are being effectively applied.

Nothing has come to the attention of the directors or the external auditors to indicate that any material breakdown in the functioning of the abovementioned internal controls and systems has occurred during the year under review.

Executive management

The executive directors meet on a weekly basis to review operational performance, capital programmes and other relevant issues. In addition, consideration is given to major investment and capital expenditure proposals as well as issues of strategic importance to the group, for recommendation to the board of directors. Furthermore, the daily involvement of the executive directors with operational executives ensures the interactive nature of the overall management reporting structure.

Remuneration Committee

The company's Remuneration Committee, comprised exclusively of non-executive directors, is responsible for the assessment and approval of a broad remuneration strategy for the group, the determination of incentive pay structures for group executives, the positioning of senior executive pay levels relative to local and international industry benchmarks, and the assessment and authorisation of specific reward proposals for the company's executive directors. This Committee is apprised of details of the beneficial shareholdings of all directors of the company.

Management reporting

The group has established comprehensive management reporting disciplines which include the preparation of annual budgets by all operating entities. Monthly results and the financial status of operating entities are reported against approved budgets and compared to the prior year. Profit and cash flow projections are reviewed regularly whilst working capital and borrowing levels are monitored on an ongoing basis.

Ethics

Directors and employees maintain the highest ethical standards ensuring that business practices are conducted in a manner which, in all reasonable circumstances, is beyond reproach. In any instance where ethical standards are called into question, the circumstances are investigated and resolved by the appropriate executive.

Insider trading

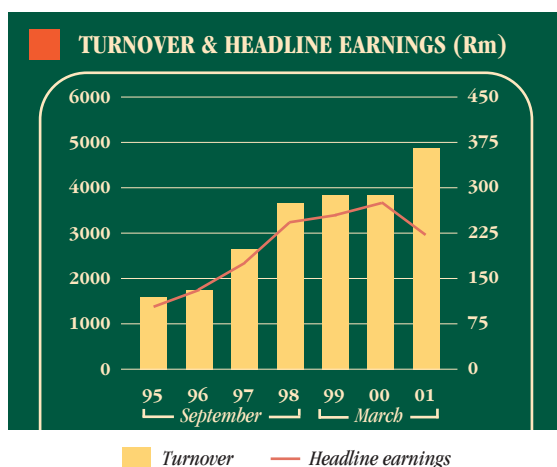
Directors and officers of the group who have access to unpublished price-sensitive information in respect of any of the group's listed companies are prohibited from dealing in the shares of such companies during defined restricted periods, including those periods immediately prior to the announcement of interim and final financial results.

Employment equity, social investment, environment and risk management

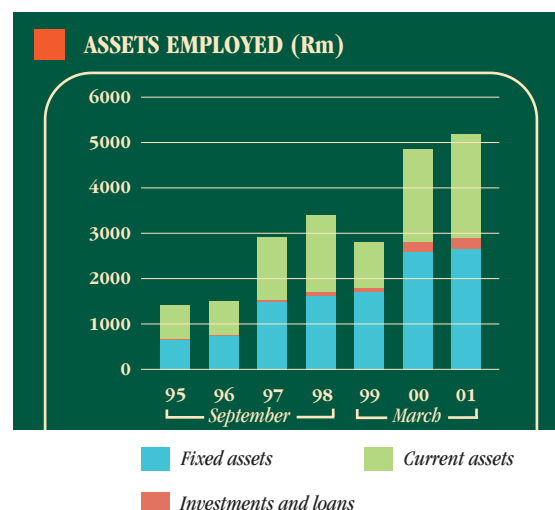
The company's strategies, policies, actions and achievements in respect of these matters are covered in the Review of Operations on pages 13 to 29.

SEVEN YEAR REVIEW

Rm	Compound annual growth % 1995-2001	Proforma		Sept. 1998	Sept. 1997	Sept. 1996	Sept. 1995	
		March 2001	Unaudited March 2000					Unaudited March 1999
Consolidated income statement								
Revenue	20	4 735.1	3 842.3	3 833.6	3 650.3	2 653.6	1 764.3	1 574.8
Operating profit before finance costs	22	580.5	618.5	745.6	666.4	397.7	207.7	179.6
Net financing costs		184.1	157.9	185.9	154.9	58.8	22.2	28.8
Profit before taxation and abnormal items		396.4	460.6	559.7	513.4	379.9	208.0	154.0
Net profit attributable to shareholders		246.5	418.0	274.0	260.9	201.8	156.8	107.9
Headline earnings	14	222.9	277.3	252.4	237.9	176.6	132.1	103.3
Dividends	20	108.9	150.6	116.5	116.6	97.2	51.1	36.4
Reconciliation of headline earnings								
Net profit attributable to shareholders		246.5	418.0	274.0	260.9	201.8	156.8	107.9
Adjusted for:								
Profit on sale of property, plant and equipment		(23.6)	(135.6)	(21.6)	(23.0)	(25.2)	(24.7)	(2.8)
Profit on sale of joint venture		-	(5.1)	-	-	-	-	-
Amounts provided for reorganising		-	-	-	-	-	-	(1.8)
Headline earnings		222.9	277.3	252.4	237.9	176.6	132.1	103.3
Consolidated balance sheet								
Property, plant and equipment		2 653.3	2 596.1	1 700.0	1 689.9	1 560.0	788.2	689.4
Investments and loans		253.7	221.3	91.0	100.2	58.0	42.2	36.6
Current assets		2 271.0	2 036.8	1 030.6	1 603.0	1 310.0	690.2	694.4
Total assets	24	5 178.0	4 854.2	2 821.6	3 393.1	2 928.0	1 520.6	1 420.4
Interests of shareholders in Illovo Sugar	14	1 333.6	1 184.7	559.6	637.6	489.0	714.9	605.5
Interest of outside shareholders		397.3	371.5	424.5	359.1	322.4	-	-
		1 730.9	1 556.2	984.1	996.7	811.4	714.9	605.5
Deferred taxation		456.1	463.6	285.1	278.0	281.0	95.7	128.4
Interest-bearing debt	33	1 757.5	1 707.5	684.2	1 036.2	1 144.5	267.1	320.3
Interest-free liabilities		1 233.5	1 126.9	868.2	1 082.2	691.1	442.9	366.2
Total equity and liabilities	24	5 178.0	4 854.2	2 821.6	3 393.1	2 928.0	1 520.6	1 420.4



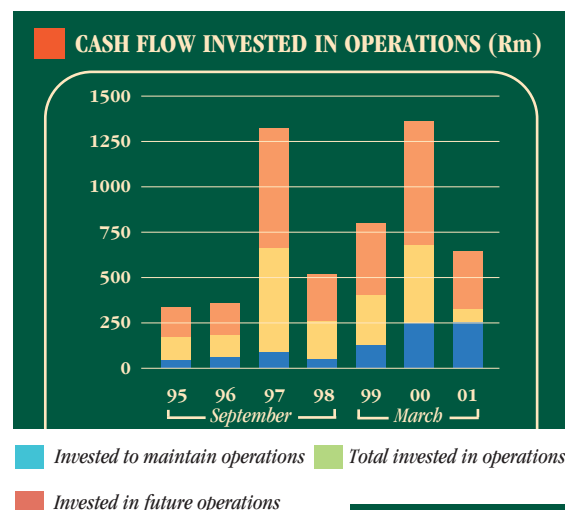
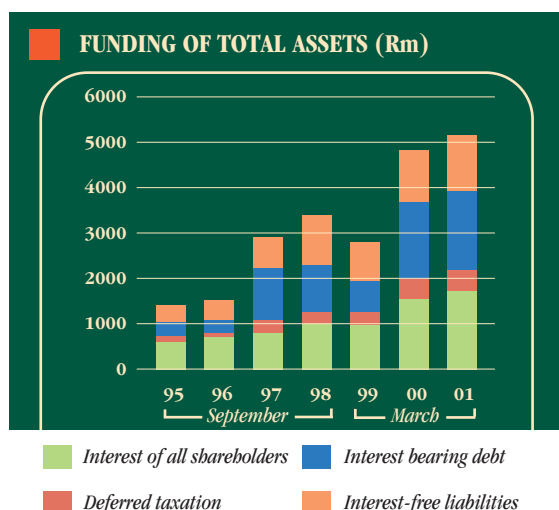
Turnover — Headline earnings



Fixed assets — Investments and loans — Current assets



Rm	Notes	Proforma Unaudited		Proforma Unaudited		Sept. 1996	Sept. 1995	
		March 2001	March 2000	March 1999	Sept. 1998			Sept. 1997
Consolidated cash flow								
Profit from operations before working capital requirements		860.6	869.8	934.4	863.2	571.3	287.6	
Working capital requirements		(203.0)	(492.7)	(83.1)	5.2	(105.9)	(72.4)	
Net financing costs		(194.4)	(165.5)	(191.5)	(156.5)	(48.1)	(28.8)	
Taxation paid		(49.6)	(30.2)	(191.5)	(176.5)	(79.0)	(7.3)	
Dividends paid		(125.1)	(170.6)	(136.5)	(175.4)	(121.4)	(29.2)	
Dividends received		8.5	3.4	2.2	1.9	1.4	-	
Net cash inflow from operating activities		297.0	14.2	334.0	361.9	218.3	149.9	
Investment in future operations		(69.3)	(660.5)	(271.6)	(212.3)	(1 825.8)	(125.2)	
Paid for by issue of shares		-	228.0	-	-	1 253.0	-	
Replacement of property, plant and equipment		(251.2)	(242.5)	(125.2)	(119.9)	(153.0)	(90.4)	
Other movements		44.6	58.8	71.3	3.5	39.4	21.9	
Net cash outflow from investing activities		(275.9)	(616.2)	(325.5)	(328.7)	(686.4)	(193.7)	
Net cash inflow/(outflow) before financing activities		21.1	(602.0)	8.5	33.2	(468.1)	(43.8)	
Long term borrowings (repaid)/raised		(140.8)	440.9	(21.2)	28.0	(26.2)	(9.3)	
Short term borrowings raised/(repaid)		119.1	391.5	(82.7)	(110.5)	608.4	(36.6)	
Capital finance leases raised		0.9	-	-	-	-	-	
Proceeds from issue of share capital		0.7	1.5	2.0	3.9	5.9	-	
Net cash (outflow)/inflow from financing activities		(20.1)	833.9	(101.9)	(78.6)	588.1	(45.9)	
Net increase/(decrease) in cash and cash equivalents		1.0	231.9	(93.4)	(45.4)	120.0	(89.7)	
Earnings and dividends per share								
Net profit	1 cents	74.7	131.5	94.1	89.7	103.1	98.9	68.4
Headline earnings	2 cents	67.5	87.2	86.7	81.8	90.2	83.3	65.5
Dividends (interim - paid, final - declared)	cents	34.0	48.0	40.0	40.0	40.0	32.0	23.0
Dividend cover on headline earnings	3 times	2.0	1.8	2.2	2.0	2.3	2.6	2.8



SEVEN YEAR REVIEW *(continued)*

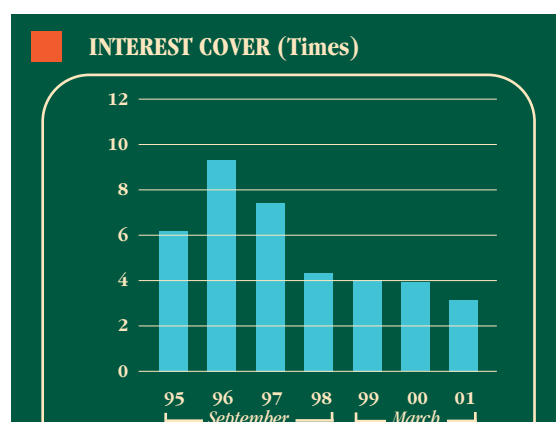
Rm	Notes	Proforma Unaudited		Proforma Unaudited		Sept. 1998	Sept. 1997	Sept. 1996	Sept. 1995
		March 2001	March 2000	March 1999	March 1998				
Profitability and asset management									
Operating margin		12.2	16.0	19.4	18.3	15.0	11.8	11.4	
Return on average shareholders' equity	4	19.9	37.1	48.5	48.5	33.1	25.7	18.6	
Return on net assets	5	14.7	19.3	26.4	28.8	29.5	21.7	20.7	
Return on total assets	6	11.1	14.1	21.5	23.6	22.4	15.3	13.9	
Working capital per rand of revenue	7 cents	16.3	17.6	10.4	19.6	21.4	21.4	22.7	
Liquidity and borrowings									
Gearing	8 %	85.7	92.4	60.1	113.7	76.9	35.3	27.8	
Total liabilities	9 %	199.2	211.9	150.6	144.4	148.0	95.8	108.1	
Current ratio	10 :1	1.0	0.9	0.8	0.9	0.9	1.2	1.2	
Interest cover	11 times	3.2	3.9	4.0	4.3	7.4	9.3	6.2	
Employee statistics									
Total number of employees at year end	12	19 024	22 113	22 773	20 190	22 157	5 216	5 301	
Average number of employees	13	20 296	22 970	20 296	18 291	13 664	5 216	5 301	
Revenue per average no. of employees	13 R000	233.3	167.3	188.9	437.6	395.5	634.1	423.0	
Net assets per employee	R000	85.3	67.7	48.5	54.5	59.4	137.1	114.2	

Note: Agricultural employees are excluded from the calculation of turnover per average no. of employees

The JSE Securities Exchange

South Africa statistics

Ordinary shares in issue	000	330 183	329 953	291 284	291 205	290 155	158 758	157 692
Weighted average number of shares	000	330 023	317 966	291 119	290 941	195 852	158 652	157 692
Net worth per share	14 cents	403.9	359.1	192.1	218.9	168.5	450.3	384.0
Total volume of shares traded	000	145 854	163 953	77 344	83 543	37 833	14 035	7 202
Total value of shares traded	Rm	744.8	1 016.0	525.4	679.2	364.6	112.9	45.3
Ratio of shares traded to issued shares	%	44.2	49.7	26.6	28.7	13.0	8.8	4.6
Headline earnings yield at year end	15 %	14.7	15.9	14.0	20.5	11.8	9.1	8.6
Dividend yield at year end	16 %	7.4	8.7	6.9	8.2	4.7	3.6	3.4
Price : headline earnings ratio at year end	17 %	6.8	6.3	7.2	4.9	8.5	11.0	11.6
The JSE Food index (adjusted 1995 = 100)		108.5	107.6	88.4	74.0	114.4	114.0	100.0
Market price per share								
- year end	cents	460	550	620	490	850	890	670
- highest	cents	610	780	940	1 000	1 130	1 000	750
- lowest	cents	410	477	400	400	798	600	480





Rm	Notes	Proforma Proforma		Sept.	Sept.	Sept.	Sept.	
		Unaudited	Unaudited					
		March	March	March	1998	1997	1996	1995
Inflation adjusted information								
CPI index (base 1995 = 100)		147.4	140.0	133.0	124.4	117.1	108.4	100.0
Deflation factor (base 1995 = 100)		67.9	71.5	75.2	80.4	85.4	92.3	100.0
Headline earnings per share	cents							
- Historical		67.5	87.2	86.7	81.8	90.2	83.3	65.5
- Deflated	18	45.8	62.3	65.2	65.7	77.0	76.8	65.5
Dividends per share	cents							
- Historical		34.0	48.0	40.0	40.0	40.0	32.0	23.0
- Deflated	18	23.1	34.3	30.1	32.1	34.2	29.5	23.0
Total assets	Rm							
- Historical		5 178.0	4 854.2	2 821.6	3 393.1	2 928.0	1 520.6	1 420.4
- Deflated	18	3 513.6	3 468.5	2 121.0	2 726.5	2 501.0	1 402.8	1 420.4
Cash generated from operations	Rm							
- Historical		657.6	377.1	851.3	793.4	395.4	313.9	165.2
- Deflated	18	446.2	269.4	639.9	637.5	337.7	289.6	165.2

Notes:

1. Net profit per share

Profit attributable to shareholders after abnormal items divided by the weighted average number of ordinary shares in issue.

2. Headline earnings per share

Headline earnings as calculated above divided by the weighted average number of ordinary shares in issue.

3. Dividend cover

Headline earnings per share divided by dividends per share (interim - paid, final - declared).

4. Return on average shareholders' equity

Profit attributable to shareholders expressed as a percentage of average shareholders' equity.

5. Return on net assets

Profit before interest and taxation expressed as a percentage of average net operating assets.

6. Return on total assets

Operating profit before interest paid, including income from investments, expressed as a percentage of total average assets.

7. Working capital per rand of revenue

Average of inventories and accounts receivable less accounts payable, divided by revenue.

8. Gearing

Interest-bearing debt including preference shares (net of cash) expressed as a percentage of group equity plus annual interest-bearing debt (net of cash).

9. Total liabilities

Interest-bearing debt and other liabilities expressed as a percentage of group equity.

10. Current ratio

Current assets divided by current liabilities.

11. Interest cover

Operating profit before interest divided by net financing costs.

12. Number of employees

The number of employees excludes those employed by the managed investments of the group.

13. Revenue per average number of employees

Agricultural employees are excluded from the calculation of revenue per average number of employees.

14. Net worth per share

Shareholders' equity divided by the number of shares in issue.

15. Headline earnings yield

Headline earnings per share as a percentage of market price.

16. Dividend yield at year end

Dividend per share (interim - paid, final - declared) as a percentage of market price.

17. Price : headline earnings ratio

Market price divided by headline earnings per share.

18. Inflation adjusted information

Historical statistics adjusted to 1995 monetary terms using the average Consumer Price Index.

VALUE ADDED STATEMENT

The value added statement shows the wealth the company has been able to create through manufacturing, trading and investment and its subsequent distribution and reinvestment in the business.

During the current financial period R1 789 million was created which was 9% more than during 2000. Of this amount, R1 289 million was distributed to employees, providers of capital and to the government which was 16% more than 2000. Of the wealth created, 70% was paid to employees.

The balance of the wealth created was retained and reinvested in the company for the replacement of assets and the development of operations.

Rm	Compound annual			
	growth % 1995-2001	March 2001	March 2000	March 1999
Wealth created				
Revenue	20	4 735	3 842	3 834
Income from investments	(4)	13	10	2
Paid to growers for cane and beet purchase	19	(2 065)	(1 446)	(1 529)
Manufacturing costs	18	(895)	(764)	(731)
	22	1 789	1 642	1 576
Wealth distributed				
To employees as salaries, wages and other benefits	23	908	754	668
To lenders of capital as interest	27	193	163	188
To shareholders as dividends	20	109	151	125
To governments as taxation	16	80	39	125
	23	1 289	1 107	1 106
Wealth reinvested				
Retained profits in holding and subsidiary companies	20	180	200	235
Depreciation	18	268	248	177
Deferred taxation	33	51	87	58
	22	1 789	1 642	1 576
Analysis of taxes paid to and collected on behalf of government				
Central and local governments				
Current taxation (including secondary tax on companies)		46		
Regional Service Council levies		4		
Rates and taxes paid to local authorities		13		
Customs duties, import surcharges and excise taxes		16		
Gross contribution to central and local governments		79		
Government cash grants and subsidies		1		
Net contribution to central and local governments		80		
The above amount contributed excludes the following:				
- employees taxation deducted from remuneration paid		111		
- net vat amount collected on behalf of government		87		
- other duties charged on revenue		4		
		201		

Wealth distributed

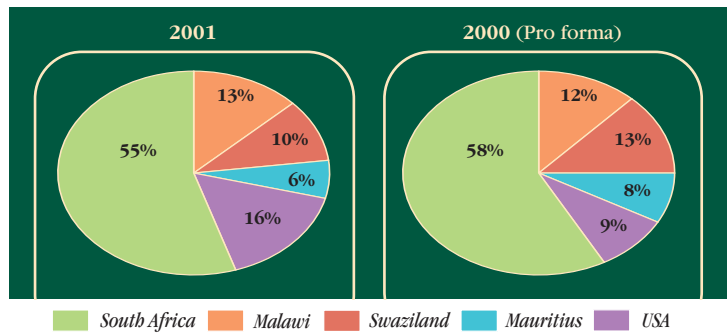
- Employee costs
- Interest
- Dividends
- Taxation

Wealth reinvested

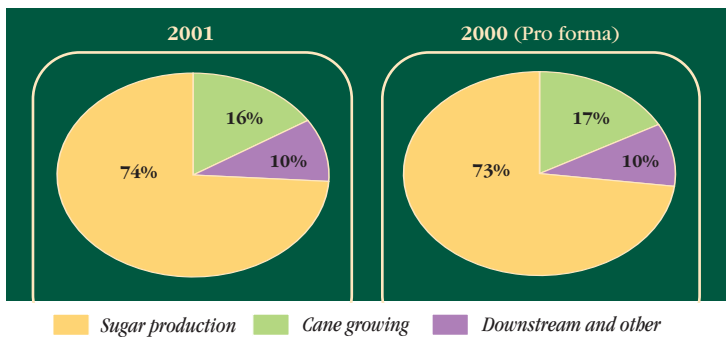
- Depreciation
- Retained profits
- Deferred taxation

SEGMENTAL ANALYSIS

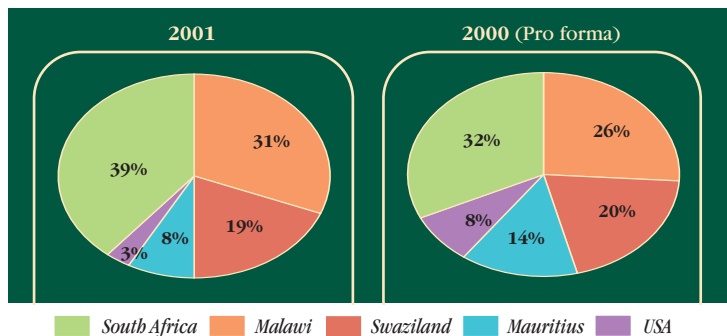
REVENUE BY COUNTRY



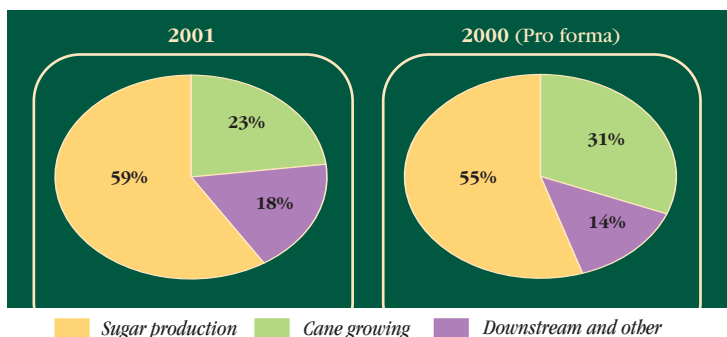
REVENUE BY ACTIVITY



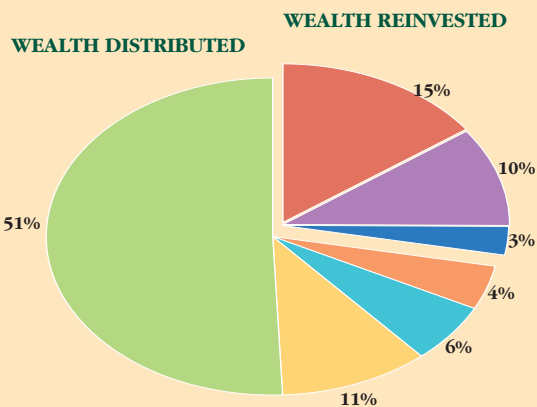
OPERATING PROFIT BY COUNTRY



OPERATING PROFIT BY ACTIVITY



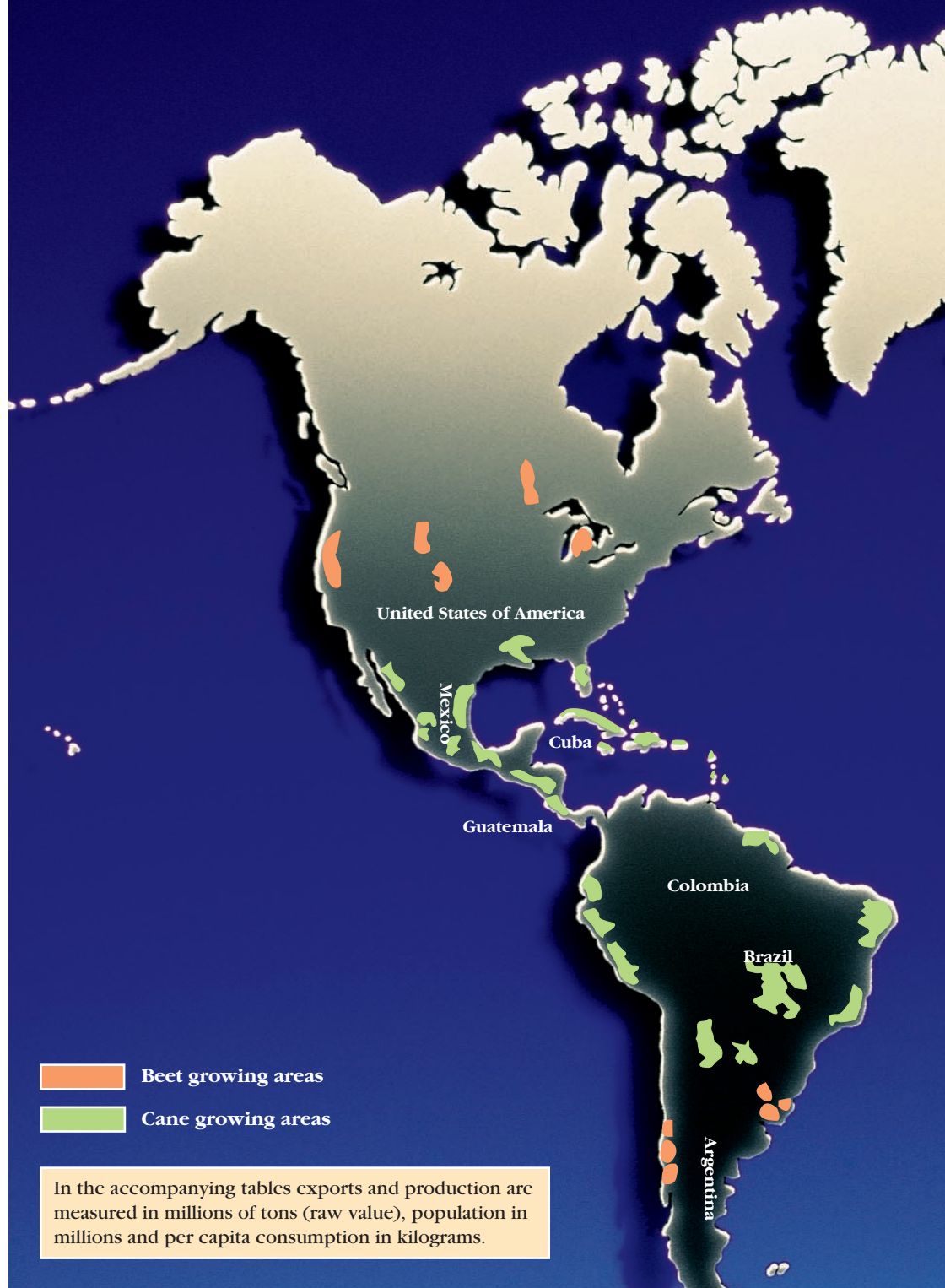
Sept. 1998	Sept. 1997	Sept. 1996	Sept. 1995
3 650	2 654	1 764	1 575
26	17	17	17
(1 496)	(1 116)	(826)	(716)
(603)	(413)	(242)	(333)
1 577	1 142	713	543
601	512	298	259
159	66	39	46
177	136	51	36
163	94	88	33
1 100	808	476	374
253	109	102	59
191	171	110	101
33	54	25	9
1 577	1 142	713	543



THE WORLD OF SUGAR

More than 100 countries produce sugar, approximately 72% of which is produced from sugar cane grown primarily in the tropical and sub-tropical zones of the southern hemisphere with the balance produced from sugar beet which is grown in the temperate zones of the northern hemisphere. Around 73% of the world's sugar is consumed in the country of origin while the balance is traded on world markets. Sugar production for the 2000/01 season is estimated at 128 million tons with consumption expected to be 130 million tons.

Figures quoted regarding this map are estimates to September 2001.



- Beet growing areas
- Cane growing areas

In the accompanying tables exports and production are measured in millions of tons (raw value), population in millions and per capita consumption in kilograms.

USA	
Production	7.745
Exports	0.117
Population	273
Per capita consumption	32

BRAZIL	
Production	17.697
Exports	7.867
Population	163
Per capita consumption	54

CUBA	
Production	3.600
Exports	2.952
Population	11
Per capita consumption	49

EU	
Production	18.237
Exports	6.921
Population	378
Per capita consumption	35

INDIA	
Production	19.783
Exports	1.087
Population	1007
Per capita consumption	16

THAILAND	
Production	5.239
Exports	3.303
Population	62
Per capita consumption	28

AUSTRALIA	
Production	4.711
Exports	3.980
Population	19
Per capita consumption	46



SADC	
Production	5.346
Exports	1.704
Population	148
Per capita consumption	20