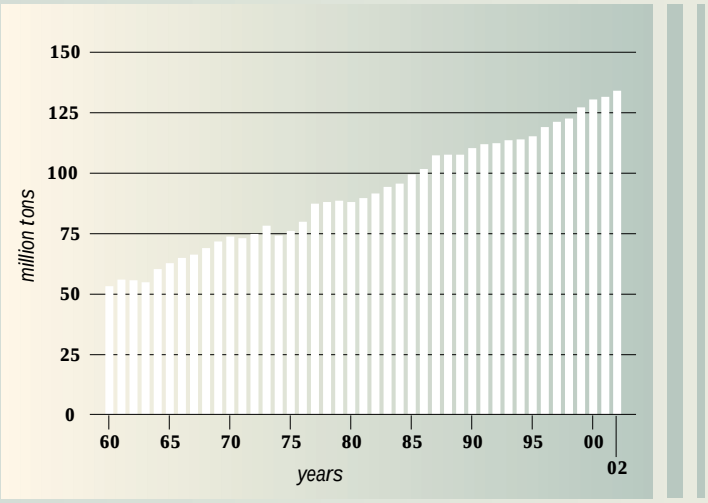
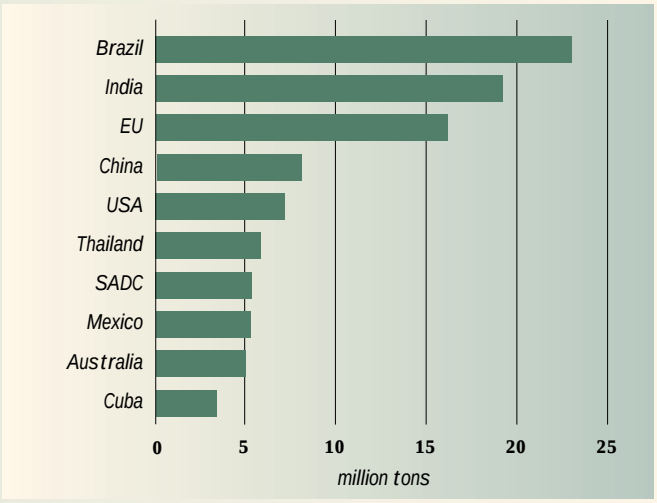
INTERNATIONAL STATISTICS The world sugar year runs from September to August

WORLD SUGAR CONSUMPTION



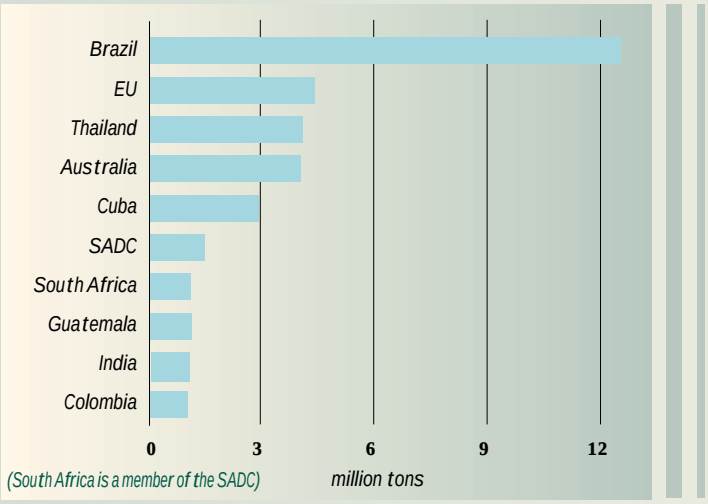
Long-term global sugar consumption continues to increase at an average of 2% per annum and in the 2001/02 season is estimated to be 134 million tons.

TOP SUGAR PRODUCERS 2001/02 estimate



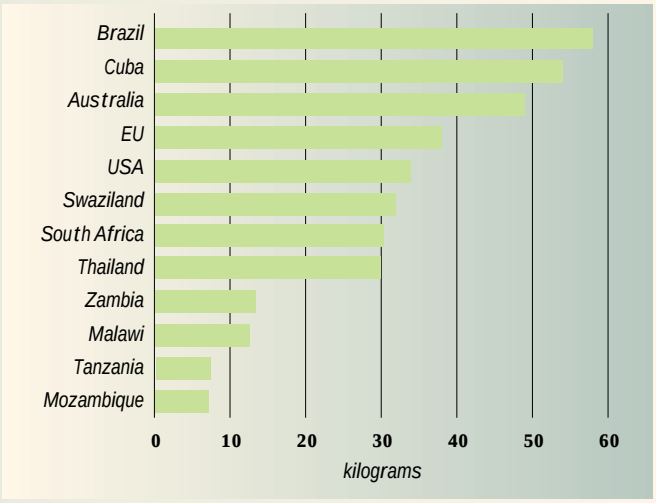
The top ten sugar producers account for 72% of the world's total sugar production. Record production is expected in both Brazil and Thailand this season.

TOP SUGAR EXPORTERS 2001/02 estimate



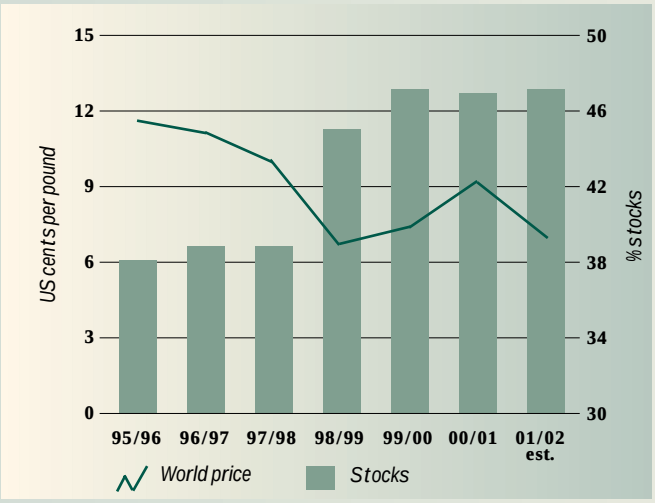
Approximately 28% of the world's sugar is traded on world markets whilst the balance is consumed in the country of origin. The world's top five exporters supply approximately 72% of all world free market exports.

PER CAPITA CONSUMPTION 2001/02 estimate



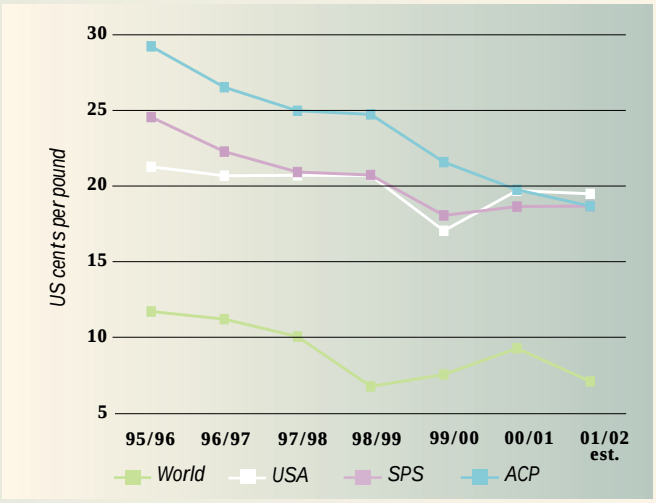
The long-term potential for consumption growth, particularly in Southern African countries, remains good.

WORLD PRICE VERSUS WORLD STOCKS



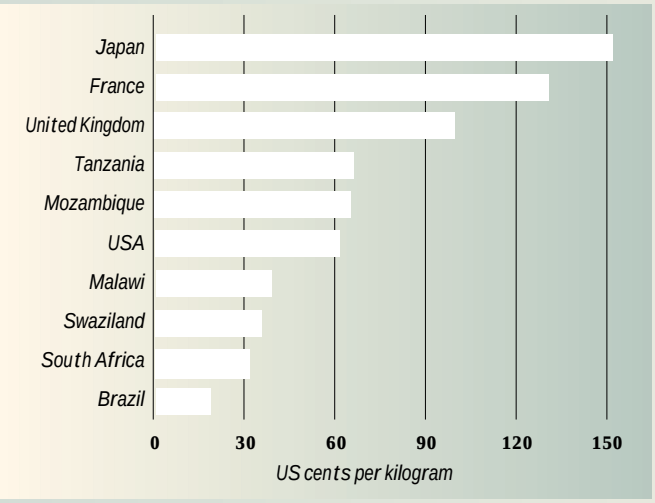
Good weather conditions in Brazil and Thailand have resulted in expectations of a substantial production increase which has fuelled market concerns that world sugar production is likely to return to a position of over-supply. This is the primary reason for the decline in the price of raw sugar traded on the world free market.

PREFERENTIAL PRICES (FREE ON BOARD)



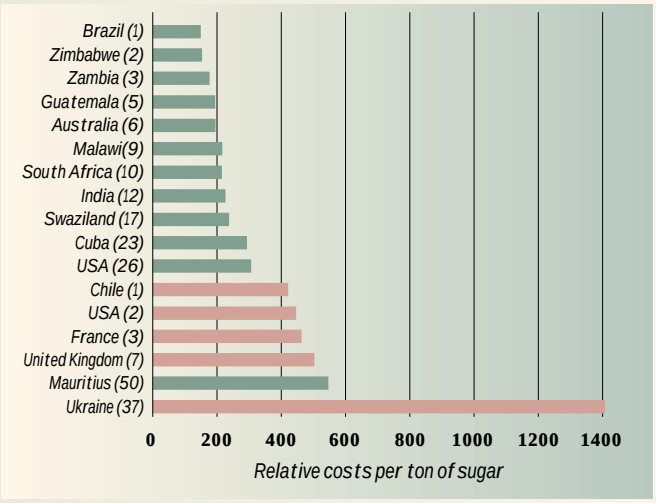
Preferential prices offer a considerable premium to that of the world free market. The relative strengthening of the US dollar against the Euro accounts for the convergence of the preferential prices expressed in US currency.

DOMESTIC SUGAR PRICES 2001/02 estimate



Domestic sugar prices in Southern African countries remain, in general, substantially below those of developed nations.

LOW COST PRODUCERS 1999/00 estimate

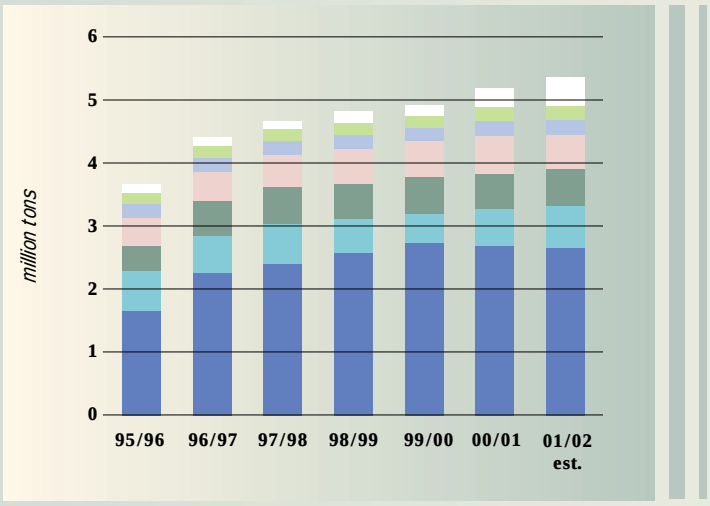


Southern African countries feature prominently amongst the lowest cost sugar producers in the world.

SOUTHERN AFRICAN DEVELOPMENT COMMUNITY STATISTICS

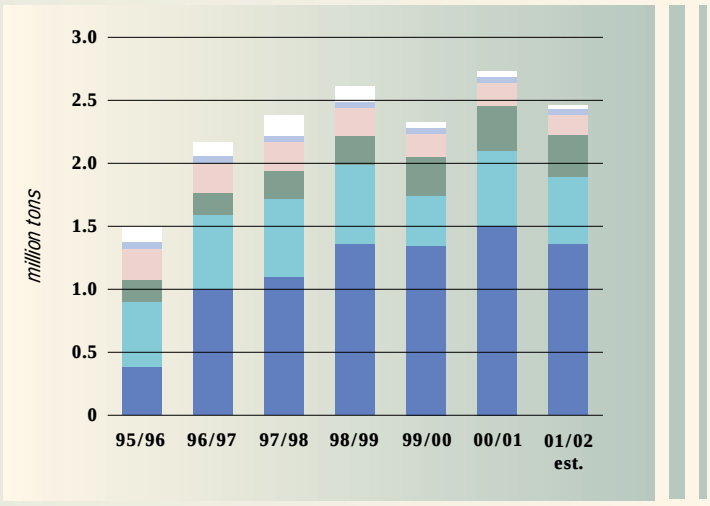
The SADC season runs from April to March

SUGAR PRODUCTION BY COUNTRY



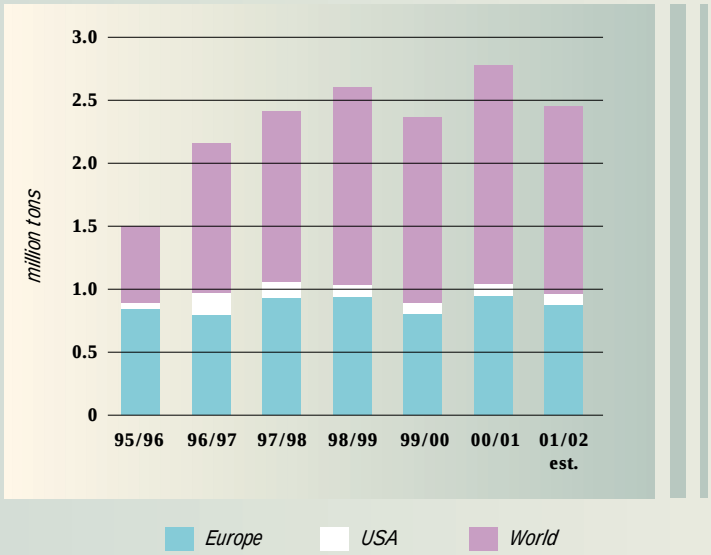
Sugar production amongst the SADC producers continues to show steady growth.

EXPORTS BY COUNTRY



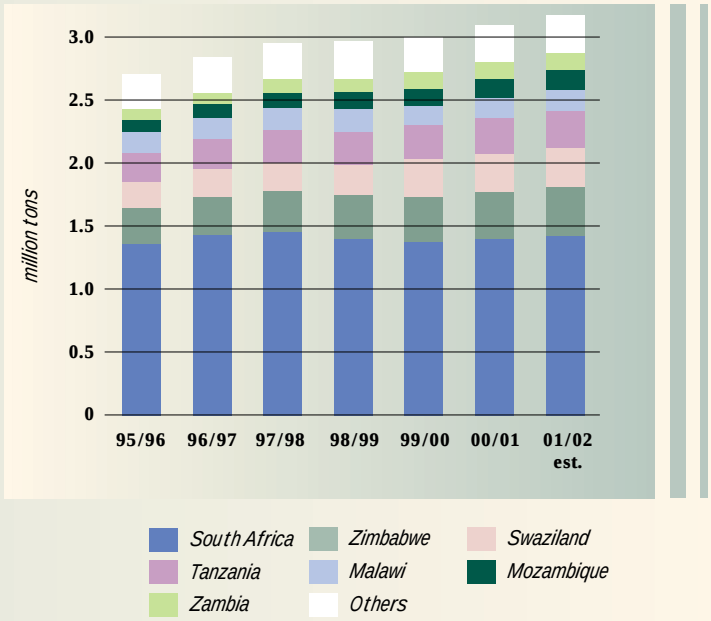
The SADC region remains a significant net exporter of sugar in global terms.

EXPORT MARKETS



In the 2001/02 season, almost 40% of exports were destined for the higher-priced preferential markets. The tonnage into these regions remains reasonably steady, with the world free market exports fluctuating relative to production levels.

LOCAL CONSUMPTION

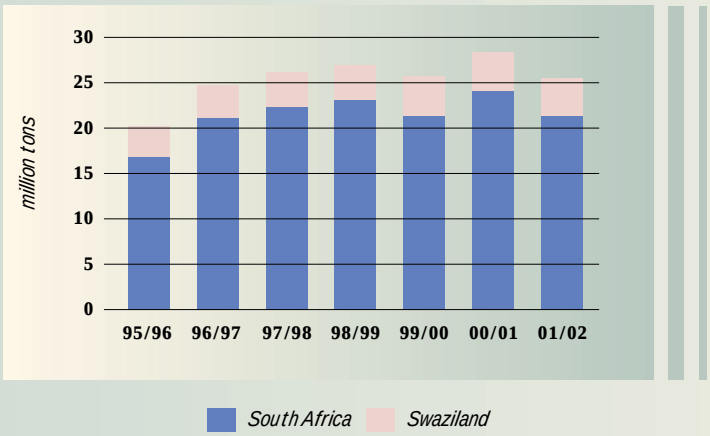


Long-term sugar consumption in the region has continued to grow at around 3% per annum.

SOUTH AFRICAN CUSTOMS UNION STATISTICS

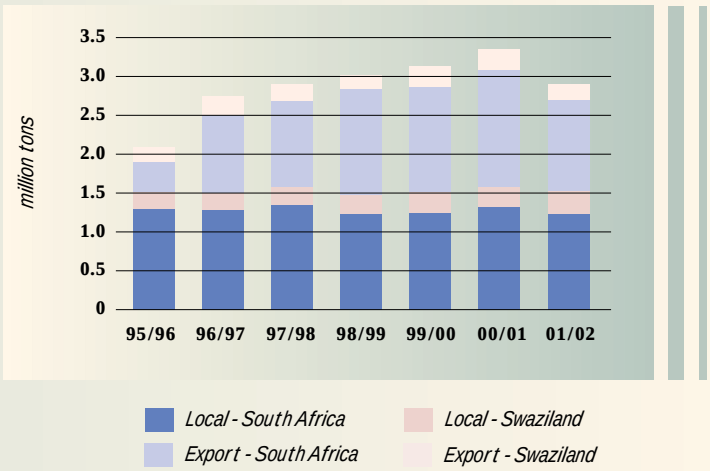
The Southern Africa sugar season runs from April to March

CANE PRODUCTION



Prevailing weather conditions in the rain-fed cane growing areas of the region generally account for annual production variations.

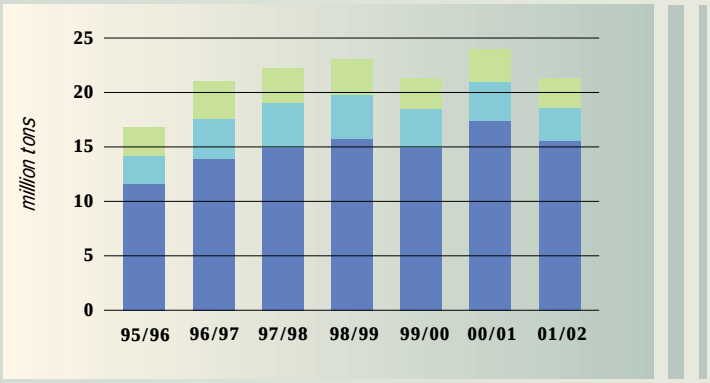
SUGAR PRODUCTION AND MARKETS



South African export volumes in 2001/02 were affected by adverse weather conditions.

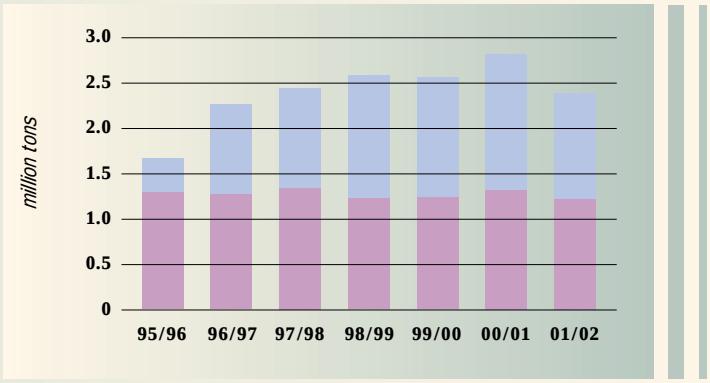
SOUTH AFRICAN STATISTICS

CANE PRODUCTION



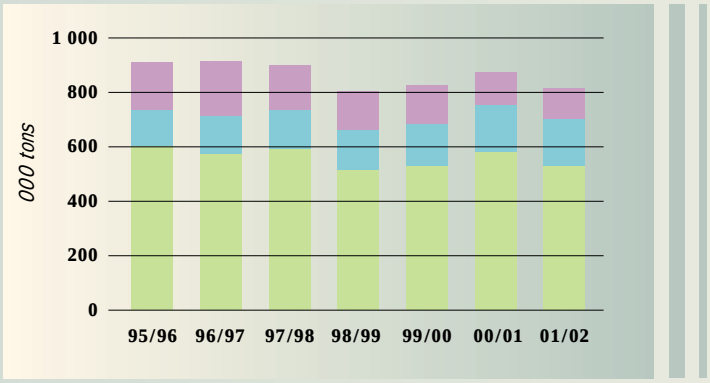
The adverse weather conditions reduced cane production in 2001/02 from the record levels of the 2000/01 season.

SUGAR PRODUCTION AND MARKETS



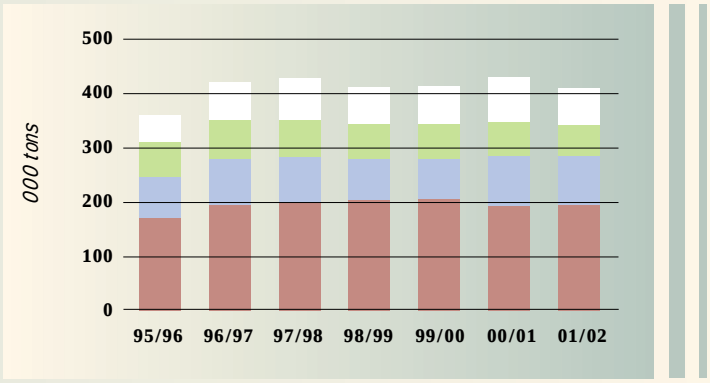
Growth of sales into the local market has been inhibited by access afforded to other regional producers.

CONSUMER MARKET SALES



Sales to the consumer market, which remains the largest domestic market segment, have been adversely affected by increased sales from the other regional producers.

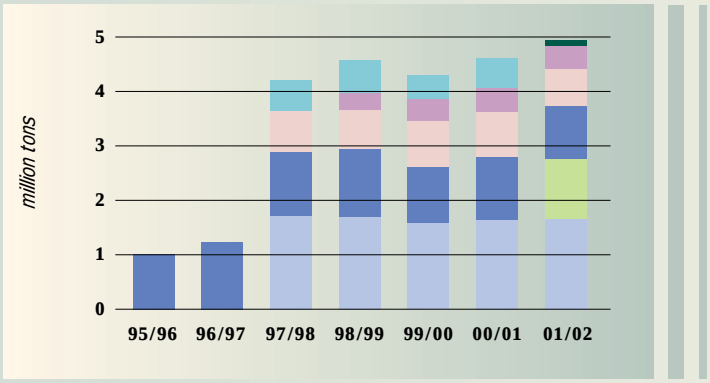
INDUSTRIAL MARKET SALES



The industrial market in South Africa has remained static for a number of years.

ILLOVO GROUP STATISTICS

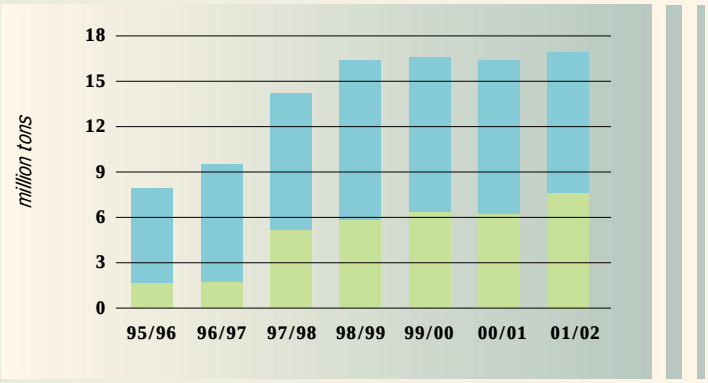
CANE PRODUCTION



Malawi Zambia South Africa Swaziland
Tanzania Mauritius Mozambique

The addition of Zambia Sugar to the Illovo group boosted cane production to a record 4.872 million tons.

RAW MATERIAL THROUGHPUT (including private growers)

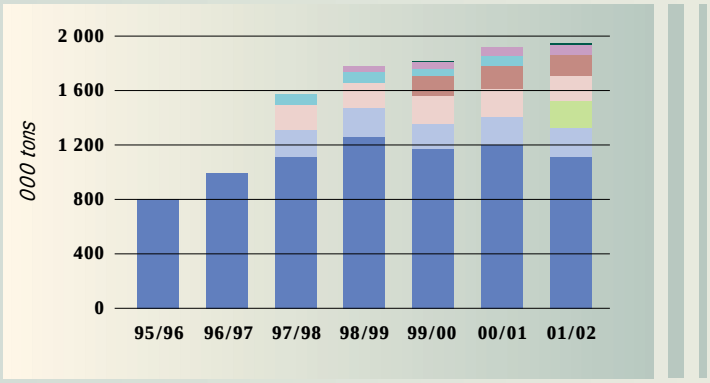


Irrigated Rainfed

(includes sugar beet production of 1.275 million tons)

With the acquisition of Zambia Sugar, the percentage of raw material supplied to the group's factories that is cultivated under irrigation, has increased to 45%.

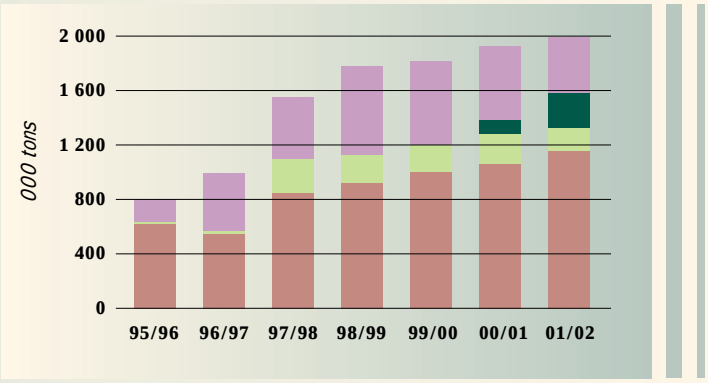
SUGAR PRODUCTION



South Africa Malawi Zambia Swaziland
USA Mauritius Tanzania Mozambique

Group sugar production increased to 1.953 million tons, 32 000 tons above last year's record of 1.921 million tons.

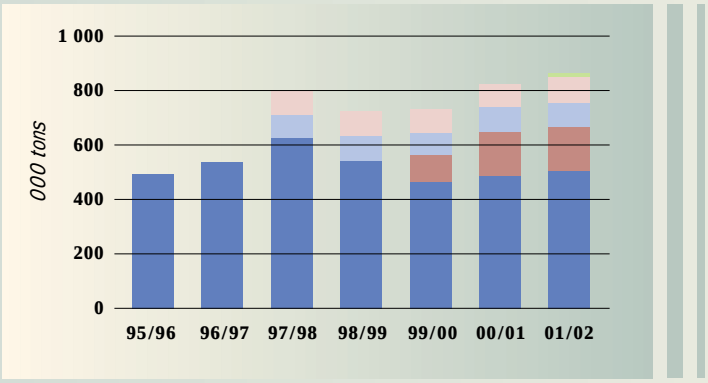
GROUP MARKETS



Domestic Preferential Regional World

In 2001/02, 64% of sugar production by volume and 81% by value was sold into domestic and preferential markets. In addition, 13% by volume was sold into regional markets at premiums above the world price.

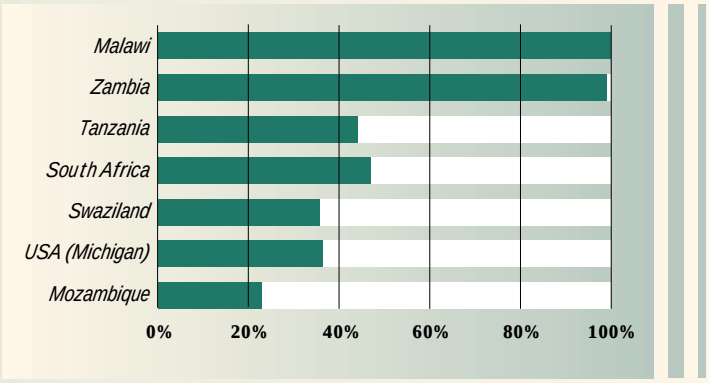
REFINED SUGAR PRODUCTION



South Africa USA Malawi Swaziland Zambia

The percentage of refined sugar has increased over the past three years to 44% of total group production.

ILLOVO SHARE OF INDUSTRY PRODUCTION



Illovo Industry

Illovo commands a significant share of production in each of the countries in which it operates.

• SUGAR •
ILLOVO
LIMITED

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ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2002

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The directors of Illovo Sugar Limited are responsible for the preparation and integrity of the annual financial statements of the group and the company and the objectivity of other information presented in this report.

In order to fulfil this responsibility, the group maintains internal accounting and administrative control systems designed to provide assurance that assets are safeguarded and that transactions are executed and recorded in accordance with the group's policies and procedures.

The annual financial statements, prepared in terms of South African Statements of Generally Accepted Accounting Practice, are examined by independent auditors in conformity with Statements of South African Auditing Standards.

An audit committee of the board of directors, chaired by a non-executive director, meets periodically with the auditors and management to discuss internal accounting controls and auditing and financial reporting matters. The auditors have unrestricted access to the audit committee.

The annual financial statements of the group and the company which were prepared on the going concern basis and which appear on pages 50 to 82, were approved by the board of directors on 21 May 2002 and are signed on its behalf by :

R A Williams
Chairman

D G MacLeod
Managing Director

AUDITORS' REPORT

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ILLOVO SUGAR LIMITED

We have audited the group and company annual financial statements of Illovo Sugar Limited for the year ended 31 March 2002 set out on pages 50 to 82. 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 statements 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 group and the company at 31 March 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 Durban
Chartered Accountants (SA) 21 May 2002

LODGEMENT OF RETURNS WITH THE REGISTRAR OF COMPANIES

I hereby certify that for the year ended 31 March 2002, the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Companies Act, 1973, as amended, and that all such returns are true, correct and up to date.

G D Knox Durban
Secretary 21 May 2002

Nature of business

The nature of business of the company and its subsidiaries is fully described under the Group profile appearing on page 2.

Review of operations

Detailed commentary is given on pages 13 to 28.

Acquisitions and disposals

As was reported in the 2001 Annual Report –

- Illovo Sugar disposed of its entire 80.25% shareholding in Mon Tresor and Mon Desert Limited in Mauritius, with effect from 2 April 2001, for a cash consideration of approximately R472 million. This transaction was fully documented in a Circular to Illovo shareholders issued on 20 April 2001;
- Illovo Sugar acquired a 50.87% interest in Zambia Sugar Plc from Tate & Lyle PLC, with effect from 2 April 2001, and a further 38.26% from minority shareholders, in terms of a mandatory offer made to such shareholders, with effect from 15 May 2001. The total consideration for the aggregate 89.13% shareholding was approximately US$20 million.

Further details about both these transactions were given in the Chairman's statement and the Review of operations contained in the 2001 Annual Report.

Share capital

Full details of the current authorised and issued share capital are set out in note 16 to the financial statements on page 72.

During the year under review the issued ordinary share capital of the company increased by 1 527 900 shares to 331 711 001 shares as a result of options being exercised in terms of the Illovo Sugar 1992 Share Option Scheme.

At the forthcoming annual general meeting, as included in the notice of such meeting on pages 84 to 86, members will be requested to –

1. pursuant to the relevant Circular to shareholders to be dated 18 June 2002 ("the Odd-lot Circular"), authorise the directors to allot and issue, at the relevant offer price, such number of ordinary shares in the company as may be necessary to satisfy the shares requirement of those shareholders who hold less than 100 shares each ("odd-lot shareholders") and who elect to increase their shareholding to 100 shares;
2. place the unissued ordinary shares of the company, excluding those reserved for the share option scheme referred to below, under the control of the directors;
3. approve by special resolution, an amendment to the Articles of Association of the company, to facilitate the odd-lot offer to shareholders set out in the Odd-lot Circular;
4. pursuant to the Odd-lot Circular, grant the directors by special resolution, specific authority to approve the buy-back by the company of its own shares, to the extent that may be necessary, at the relevant price, from those odd-lot shareholders who elect to sell their shareholdings and those who make no election;
5. grant the directors by special resolution, a general authority, valid until the following annual general meeting of members, to purchase up to 10% of the company's issued share capital, subject to the requirements of the Companies Act, 1973, and the JSE Securities Exchange South Africa;

Shareholders

An analysis of shareholders and their shareholdings is given on page 83.

The register of members, including the sub-registers maintained by the Central Securities Depository Participants, reflect five registered shareholdings equal to or more than 5% of the issued ordinary share capital of the company. Pursuant to the provisions of Section 140A of the Companies Act, 1973, an analysis of the relevant disclosures by nominee shareholders as at 31 March 2002 revealed four beneficial shareholdings equal to or exceeding 5% of the issued ordinary share capital. Details are given on page 83.

Illovo Sugar 1992 Share Option Scheme

As approved at the annual general meeting of members held on 4 February 1998, a total of 21 760 000 ordinary shares are reserved and placed under the control of the directors for the purpose of the Illovo Sugar 1992 Share Option Scheme for employees.

Options granted to directors and senior managers as at 31 March 2002 comprise -

	No. of shares
Options granted and unexpired at 1 April 2001	18 594 700
New options granted during the year under review	2 462 500
Less : Options forfeited during the year under review	(448 400)
Total options granted and unexpired	20 608 800
Less : Options exercised by retired and former employees	(1 636 000)
	18 972 800

This leaves a balance available for the granting of further options of 2 787 200 shares.

During the year under review, options were exercised in respect of 1 527 900 shares which were allotted and issued by the directors, bringing the aggregate number of shares allotted and issued since the inception of the option scheme to 5 988 700.

The options granted and unexpired or unexercised as at 31 March 2002 are categorised as -

No. of shares	Expiry date	Option price (cents)
103 600	11 October 2002	340
270 600	29 June 2004	450
2 051 800	27 March 2005	600
140 000	21 April 2006	925
4 760 100	30 August 2008	435
2 824 000	29 August 2009	562
805 000	11 July 2010	443
1 245 000	12 September 2010	520
2 420 000	6 June 2011	650
14 620 100		

Options granted to directors and unexpired or unexercised as at 31 March 2002 are determined as -

	Options as at 31 March 2001	Options granted during the year	Options exercised during the year	Options as at 31 March 2002	Average option price (cents)
Buchanan W M A	267 500	40 000	–	307 500	518
Clark G J	290 000	90 000	–	380 000	514
Hawley N M	227 500	55 000	–	282 500	522
Hetzler R L	175 000	50 000	–	225 000	558
Knox G D	272 500	40 000	–	312 500	519
MacLeod D G	930 000	250 000	90 000	1 090 000	531
Ravnö A B	345 900	40 000	–	385 900	502
Russell J T	448 400	90 000	48 400	490 000	530
Stuart B M	445 000	90 000	70 000	465 000	537
	3 401 800	745 000	208 400	3 938 400	526

At the forthcoming annual general meeting, as included in the notice of such meeting, members will be requested to approve the allotment and issue of shares to directors in respect of options granted during the year under review, and amendments to the rules of the option scheme, whereby –

- so as to enable the granting of future options, the aggregate number of unissued shares that may be reserved for the option scheme shall be increased to 33 000 000, representing approximately 10% of the present total issued ordinary share capital of the company;
- the maximum number of fully paid shares which any one employee or retired employee may acquire in terms of the option scheme shall be changed from 5% of the total number of shares reserved for the option scheme to 1% of the total issued ordinary share capital of the company.

Illovo Sugar Employees' Share Purchase Scheme

During the year under review the trustees of the Illovo Sugar Employees' Share Purchase Scheme acquired a further 12 815 shares in the company bringing the total number of shares held to 155 833. Of this number, 155 828 are held on behalf of participants.

Dividends

An interim ordinary dividend (No. 20) of 20.0 cents per share was declared on 14 November 2001, and a final ordinary dividend (No. 21) of 31.0 cents per share was declared on 21 May 2002, making the total distribution for the year 51.0 cents per share.

The interim dividend was paid on 14 January 2002 and the final dividend will be paid on 15 July 2002.

Subsidiary companies

The names and financial information concerning the subsidiaries of the company are set out in note 11 to the financial statements on page 69.

Directorate and secretary

The names of the directors and the secretary in office at the date of this report along with the company's business and postal addresses, are set out on pages 6 and 9 respectively.

Pursuant to the Company's disposal of its interest in Mon Tresor and Mon Desert Limited, Mr G Leung Shing resigned from the board on 6 April 2001.

Mr M J Shaw was appointed as a non-executive director with effect from 1 June 2001.

Messrs D E Cooper and D D B Mkhwanazi resigned from the board on 14 September 2001 and 1 November 2001 respectively.

Dr A B Ravnö will retire on 31 May 2002.

In terms of the company's articles of association, Messrs G J Clark, R L Hetzler, D G MacLeod, R A Norton and Dr D Konar retire by rotation at the forthcoming annual general meeting. All these directors are eligible and offer themselves for re-election.

The beneficial interests of the directors holding office at the end of the year under review in the issued ordinary share capital of the company as at 31 March 2002 were as follows -

	2002		2001	
	Direct	**Indirect**	Direct	Indirect
Buchanan W M A	**20 000**		20 000	
Connellan B P	**25 224**	**3 242**	25 224	3 242
Hamilton R D	**134 086**	**53 634**	134 086	53 634
Knox G D	**10 000**		10 000	
MacLeod D G	**290 000**		200 000	
Ravnö A B	**96 600**		96 600	
Russell J T	**100 000**		65 300	
Stuart B M	**128 400**		88 400	
Williams R A	**37 194**		37 194	
	841 504	**56 876**	676 804	56 876
Total	**898 380**		733 680	

No non-beneficial interests were held by any of the directors.

Since the end of the financial year, Messrs N M Hawley, D G MacLeod and Dr A B Ravnö have been allotted a further 10 000, 10 000 and 48 400 shares respectively in terms of the Illovo Sugar 1992 Share Option Scheme.

The register of interests of directors and others in the shares of the company is available for inspection at the registered office.

Directors' fees

At the last annual general meeting, held on 18 July 2001, members approved an increase in the basic fee payable to non-executive directors to R60 000 per annum with effect from 1 April 2001. At the forthcoming annual general meeting, members will be requested to approve an increase in the basic fee payable to non-executive directors to R70 000 per annum with effect from 1 April 2002.

Holding company

Illovo Sugar Limited does not have a holding company.

Auditors

Deloitte & Touche will continue in office in accordance with the provisions of Section 270(2) of the Companies Act, 1973.

Transfer secretaries

During the year under review, Mercantile Registrars Limited, the company's previous transfer secretaries, was acquired by Computershare Investor Services Limited which consequently has become the company's new transfer secretaries.

Special resolutions passed by subsidiary companies

Since the date of the previous Annual Report, a number of special resolutions have been passed by certain subsidiary companies but are not considered to deal with material matters which would affect the understanding of the group.

Post balance sheet events

There have been no matters of material interest to report on since the end of the period under review.

ACCOUNTING POLICIES

The principal accounting policies of the group conform with South African Statements of Generally Accepted Accounting Practice and are consistent in all material respects with those of the previous year.

1. Basis of consolidation

The consolidated financial statements are prepared on the historical cost basis and incorporate the financial statements of the company and its subsidiaries. Operating results of subsidiaries acquired or disposed of during the year are included from, or up to, the effective dates of acquisition or disposal, respectively. Subsidiaries and associates which operate under severe long-term restrictions which significantly impair their ability to transfer funds are not consolidated or equity accounted.

2. Translation of Financial Statements prepared in foreign currencies

Balance sheets of consolidated foreign subsidiaries are translated into South African Rand at rates of exchange ruling at the year end. The related income statements including those of equity accounted foreign subsidiaries are translated at the weighted average rate of exchange for the year.

Where a subsidiary reports in the currency of a hyperinflationary economy, its financial statements are restated by applying a general price index pertaining to that economy before they are translated and included in the consolidated financial statements. Translation of the restated financial statements of the subsidiary is performed at rates of exchange ruling at the year end.

Aggregate gains and losses on the translation of foreign subsidiaries are taken directly to non-distributable reserves.

3. Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition.

Goodwill arising on or after 1 April 2000 is recognised on the balance sheet and amortised on a systematic basis following an assessment of its foreseeable life, subject to a maximum of 20 years.

4. Product registrations

Expenditure incurred in obtaining the registration of a product to enable sales to be made in specific markets, is capitalised and amortised over the expected useful life of the registration on a straight line basis.

Subsequent expenditure which increases the life of the registration or increases future economic benefits is capitalised in the year in which it is incurred. Expenditure to maintain the registration is expensed in the year in which it is incurred.

5. Property, plant and equipment

Property, plant and equipment is stated at cost to the group.

Land is not depreciated.

Leasehold properties are amortised over the period of the leases.

Plant, equipment and factory overhaul costs are written down to their estimated residual values over their anticipated useful lives using the straight-line basis.

Interest on funds expended on new productive capacity prior to commencement of production is capitalised where such expenditure is incurred over a year in excess of 12 months.

6. Leased assets

Assets subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised.

The cost of the asset is depreciated at appropriate rates on the straight-line basis over the estimated useful lives of the assets. Lease finance charges are charged to operating profits as they are incurred.

Assets subject to operating lease agreements are not capitalised and the related lease payments are charged to operating profits as they are incurred.

7. Joint ventures

Joint ventures are those companies over which there are contractual agreements whereby the group and one or more other venturers undertake an economic activity, which is subject to joint control.

Jointly controlled joint venture entities are accounted for on the equity method in accordance to the group's accounting policy for associated companies.

Any difference between the cost of acquisition and the group's fairly valued share of the net identifiable assets is recognised and treated in accordance with the group's accounting policy for goodwill.

8. Associated companies

Associates are those companies which are not subsidiaries or joint ventures, over which the group exercises a significant influence and in which it holds a long-term equity interest.

Associate companies are accounted for on the equity method from their most recent financial statements. Equity accounted income, which is included in the respective carrying values of the investments, represents the group's proportionate share of associate companies' post-acquisition retained income after accounting for dividends payable by those associates.

Associate companies undergoing a long-term rehabilitation project which significantly impairs their ability to transfer funds, are not equity accounted.

9. Investments

Investments are stated at cost to the group less amounts written off to give recognition to permanent declines in value.

10. Inventories

Inventories are stated at the lower of cost or net realisable value. The basis of determining cost is the average method except in the case of downstream products where the first-in-first-out basis is used.

Cost of finished goods comprise all costs of purchase, cost of conversion and other costs incurred in bringing such inventories to their present location and condition.

Establishment and replanting costs of cane are written off over the expected life of the crop whilst the maintenance costs of cane are expensed in the year when revenue is generated.

Maintenance stores are valued at average cost with obsolete items being written off.

Redundant and slow moving inventories are identified and written down to their net realisable values.

11. Cash and cash equivalents

Cash and cash equivalents consist of cash resources which comprise cash on hand, balances with bankers and investments in short-term money market instruments, including preference share investments held as treasury instruments.

12. Foreign currency assets and liabilities

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling on the transaction date. Gains and losses arising from the settlement of such transactions are recognised in the income statement. If a foreign currency denominated transaction is appropriately hedged with a forward exchange contract, the difference between the rate of exchange ruling on the transaction date and the forward exchange rate is amortised over the remaining term of the forward exchange contract.

13. Deferred taxation

Deferred taxation is provided on the comprehensive basis using the liability method.

Deferred taxation liabilities are recognised for all taxable temporary differences.

Deferred taxation assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

14. Dividend income

Dividend income from investments is brought to account as and when the company is entitled to receive such dividends.

15. Revenue

Revenue comprises the selling value, excluding value added tax, of goods delivered and services rendered during the year. In the determination of revenue, all material inter-company transactions are excluded. Revenue is recognised when significant risks and rewards of ownership are transferred to the buyer.

16. Research, development and related expenditure

Research and development expenditure is charged to operating profit in the year in which it is incurred.

Technology, royalty and associated costs, which are disclosed separately from research and development expenditure, are charged to operating profit as incurred. These costs include technical licence fees and royalties paid to third parties where the payments are considered to be a contribution to the research and development activities of those third parties.

17. Abnormal and extraordinary items

Abnormal items are those items of income or expense, whose nature or incidence is such that their disclosure becomes relevant to explain the performance of the group. Profit before taxation is stated after accounting for abnormal items.

Extraordinary items are defined as material items of income and expenditure resulting from occurrences which are clearly distinct from the ordinary activities of the group and are not expected to recur frequently or regularly.

18. 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. The profit or loss on the sale or abandonment of a discontinued operation is determined from the formalised discontinuance date and includes the operating results from this date, the difference between the proceeds of disposal and the net carrying value of the assets and liabilities to be disposed of, as well as all costs and expenses directly associated with the disposal.

If a loss is expected, full provision is made from the discontinuance date. If a profit is expected, it is taken into account only when realised.

19. Retirement benefits

The group provides retirement benefits for its employees through a number of defined contribution and defined benefit plans.

Contributions by group companies to defined contribution retirement plans are recognised as an expense in the year in which the related services are rendered by employees.

Current service costs in respect of defined benefit retirement plans are actuarially determined and recognised as an expense in the year in which related services are rendered by employees. Past service costs in respect of existing employees, including changes in actuarial assumptions, plan amendments and experience adjustments, are recognised as income or an expense systematically over the expected remaining working lives of the employees concerned. However, any income arising is only recognised to the extent that it is realised through the taking of contribution holidays. Past service costs in respect of retired employees are recognised as an expense in the year in which the plan amendment is made. All plans are funded. Funding shortfalls arising in defined benefits plans are met by group companies through lump sum payments or increased future contributions.

Historically, qualifying employees have been granted certain post retirement medical benefits. Although the practice has been discontinued, there is a potential liability in respect of current and retired employees to whom the benefit was granted. These costs are provided on the accrual basis determined actuarily.

20. Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

21. Comparative figures

When an accounting policy is changed with retrospective effect, comparative figures are restated in accordance with the new policy.

EFFECTS OF CHANGING PRICES

While current cost financial statements are not published, the group continues to monitor the effect of inflation on profitability and cash flow. In the absence of a generally accepted method of accounting for the effect of changing prices, the group has presented certain financial statistics in real terms, based on the movement in the consumer price index, in the five year review to be found on page 37.

INCOME STATEMENTS for the year ended 31 March 2002

	Notes	Group		Company	
		Year to 31 March 2002 Rm	Year to 31 March 2001 Rm	**Year to 31 March 2002 Rm**	Year to 31 March 2001 Rm
Revenue	1	**5 926.1**	4 735.1	**2 919.5**	2 588.9
Profit from operations	2	**748.6**	575.8	**284.2**	192.5
Share of joint venture entities retained income		**7.3**	4.7		
Profit before financing costs and taxation		**755.9**	580.5	**284.2**	192.5
Net financing costs	3	**230.2**	192.6	**134.2**	140.1
Dividend income		**1.7**	8.5	**22.1**	2.5
Profit before taxation and abnormal items		**527.4**	396.4	**172.1**	54.9
Abnormal items	4	**20.1**	27.9	**42.1**	10.3
Profit before taxation		**547.5**	424.3	**214.2**	65.2
Taxation	5	**121.3**	96.0	**70.4**	27.9
Profit after taxation		**426.2**	328.3	**143.8**	37.3
Attributable to outside shareholders of subsidiary companies		**64.8**	81.8		
Net profit from ordinary activities		**361.4**	246.5	**143.8**	37.3
Extraordinary item	6	**186.7**	–	**–**	–
Net profit attributable to shareholders in Illovo Sugar Limited		**174.7**	246.5	**143.8**	37.3
Net profit from ordinary activities per share (cents)	16	**109.2**	74.7		
Headline earnings per share (cents)	16	**102.8**	67.5		
Diluted headline earnings per share (cents)	16	**100.1**	66.8		
Reconciliation of headline earnings:-					
Net profit attributable to shareholders		**361.4**	246.5		
Adjusted for:					
(Loss)/profit on sale of property, plant and equipment		**(2.8)**	23.6		
Profit on disposal of subsidiary company		**23.3**	–		
Amortisation of goodwill		**0.6**	–		
Headline earnings		**340.3**	222.9		

BALANCE SHEETS as at 31 March 2002

	Notes	Group		Company	
		March 2002	March 2001	**March 2002**	March 2001
		Rm	Rm	**Rm**	Rm
ASSETS					
Non-current assets		**3 134.8**	2 907.0	**2 063.0**	2 236.1
Property, plant and equipment	8	**2 855.5**	2 653.3	**822.4**	835.7
Product registrations	9	**4.0**	–	**4.0**	–
Goodwill	10	**(11.5)**	–	**–**	–
Interest in subsidiary companies	11			**1 229.5**	1 393.8
Interest in joint venture entities	12	**23.0**	16.1	**0.6**	0.6
Interest in associate companies	13	**188.0**	165.9	**–**	–
Investments	14	**75.8**	71.7	**6.5**	6.0
Current assets		**2 819.9**	2 271.0	**727.4**	634.2
Inventories	15	**1 554.6**	1 121.9	**202.2**	167.4
Accounts receivable		**816.9**	874.5	**244.4**	294.9
Cash resources		**448.4**	274.6	**280.8**	171.9
Total assets		**5 954.7**	5 178.0	**2 790.4**	2 870.3
EQUITY AND LIABILITIES					
Capital and reserves		**1 786.3**	1 333.6	**1 105.3**	1 083.7
Ordinary share capital and premium	16	**254.6**	247.8	**254.6**	247.8
Non-distributable reserves	17	**466.1**	417.9	**316.0**	273.9
Retained surplus	18	**1 065.6**	667.9	**534.7**	562.0
Interest of outside shareholders of subsidiaries		**334.9**	397.3		
Non-current liabilities		**1 171.3**	1 071.8	**397.0**	531.7
Deferred taxation	19	**574.5**	456.1	**181.3**	180.0
Long term borrowings	20	**596.8**	615.7	**215.7**	351.7
Current liabilities		**2 662.2**	2 375.3	**1 288.1**	1 254.9
Accounts payable		**922.2**	927.8	**393.6**	416.9
Short term borrowings	21	**1 145.7**	1 089.3	**758.6**	758.6
Bank overdraft		**171.8**	52.5	**–**	–
Taxation		**76.8**	32.8	**53.1**	–
Provisions	22	**345.7**	272.9	**82.8**	79.4
Total equity and liabilities		**5 954.7**	5 178.0	**2 790.4**	2 870.3

CASH FLOW STATEMENTS for the year ended 31 March 2002

	Notes	Group		Company	
		Year to March 2002	Year to March 2001	**Year to March 2002**	Year to March 2001
		Rm	Rm	**Rm**	Rm
Cash flows from operating activities					
Profit from operations before working capital requirements	a	**1 091.1**	860.6	**430.1**	334.8
Working capital requirements	b	**(229.6)**	(203.0)	**(18.3)**	(92.5)
Cash generated from operations		**861.5**	657.6	**411.8**	242.3
Interest paid		**(288.7)**	(266.4)	**(164.3)**	(175.5)
Interest received		**58.1**	72.0	**30.1**	35.4
Taxation paid	c	**(53.4)**	(49.6)	**(2.0)**	–
Dividends paid	d	**(158.6)**	(125.1)	**(129.0)**	(108.9)
Dividend income		**1.7**	8.5	**22.1**	2.5
Net cash inflow/(outflow) from operating activities		**420.6**	297.0	**168.7**	(4.2)
Cash flows from investing activities					
Replacement of property, plant and equipment		**(270.6)**	(251.2)	**(132.1)**	(63.3)
Expansion capital expenditure		**(37.4)**	(52.3)	**(10.4)**	(61.9)
Capitalisation of product registrations		**(4.0)**	–	**(4.0)**	–
Acquisition of investments		**–**	(0.9)	**–**	–
Cash related abnormal items		**47.7**	–	**–**	–
Proceeds on disposal of plant and equipment		**2.5**	6.1	**30.9**	32.1
Proceeds on disposal of immovable property		**31.3**	50.0	**1.8**	–
Proceeds on disposal of investments		**–**	2.6	**186.4**	–
Proceeds on disposal of subsidiaries	e	**389.7**	–	**–**	–
Cash cost of subsidiary acquired	f	**(172.8)**	–	**–**	–
Research and development expenditure		**(15.5)**	(16.1)	**(15.5)**	(16.1)
Net movement on loans and advances		**(20.2)**	(14.1)	**12.3**	12.0
Net cash (outflow)/inflow from investing activities		**(49.3)**	(275.9)	**69.4**	(97.2)
Net cash inflow/(outflow) before financing activities		**371.3**	21.1	**238.1**	(101.4)
Cash flows from financing activities					
Long term borrowings raised		**69.5**	91.9	**–**	–
Long term borrowings repaid		**(246.4)**	(232.7)	**(136.0)**	(69.1)
Short term borrowings (repaid)/raised		**(54.0)**	119.1	**–**	107.2
Capitalised finance leases (repaid)/raised		**(2.7)**	0.9	**–**	–
Proceeds from issue of share capital	g	**6.8**	0.7	**6.8**	0.7
Net cash (outflow)/inflow from financing activities		**(226.8)**	(20.1)	**(129.2)**	38.8
Net increase/(decrease) in cash and cash equivalents		**144.5**	1.0	**108.9**	(62.6)
Cash and cash equivalents at beginning of the year	h	**303.9**	273.6	**171.9**	234.5
Cash and cash equivalents at end of the year		**448.4**	274.6	**280.8**	171.9

	Group		Company	
	2002 Rm	2001 Rm	**2002 Rm**	2001 Rm
a. Profit from operations before working capital requirements is calculated as follows:				
Profit from operations before interest and taxation	**755.9**	580.5	**284.2**	192.5
Abnormal items	**20.1**	27.9	**42.1**	10.3
Total income	**776.0**	608.4	**326.3**	202.8
Add back: Depreciation	**328.0**	268.0	**131.1**	126.2
Loss/(profit) on disposal of property, plant and equipment	**2.8**	(27.2)	**(8.0)**	(10.3)
Profit on disposal of subsidiary	**(23.3)**	–	**(34.8)**	–
Share of joint venture retained income	**(7.3)**	(4.7)	**–**	–
Amortisation of goodwill	**(0.6)**	–		
Research and development expenditure	**15.5**	16.1	**15.5**	16.1
Profit from operations before working capital requirements	**1 091.1**	860.6	**430.1**	334.8
b. Working capital requirements comprise the following:				
Inventories	**(92.6)**	(68.4)	**(34.8)**	10.5
Accounts receivable	**(7.6)**	(294.5)	**36.4**	(98.0)
Accounts payable	**(129.4)**	159.9	**(19.9)**	(5.0)
Total working capital requirements	**(229.6)**	(203.0)	**(18.3)**	(92.5)
c. Taxation paid is reconciled to the amounts disclosed in the income statements as follows:				
Amounts (unpaid)/overpaid at beginning of year	**(10.5)**	(17.3)	**14.1**	16.0
Amounts in respect of subsidiary company acquired	**(5.1)**	–		
Amounts in respect of subsidiary companies disposed of	**4.8**	–		
Translation rate adjustment	**(4.0)**	2.7		
Other	**4.4**	–	**–**	–
Per income statements (excluding deferred taxation)	**(113.2)**	(45.5)	**(69.2)**	(1.9)
Amounts unpaid at end of year net of overpayments	**70.2**	10.5	**53.1**	(14.1)
Total taxation paid	**(53.4)**	(49.6)	**(2.0)**	–
d. Dividends paid are reconciled as follows:				
Dividend paid to shareholders of Illovo Sugar Limited (per note 7 to the financial statements)	**(129.0)**	(108.9)	**(129.0)**	(108.9)
Dividends paid to outside shareholders of subsidiary companies	**(29.6)**	(16.2)		
Total dividends paid	**(158.6)**	(125.1)	**(129.0)**	(108.9)

	Group		Company	
	2002 Rm	2001 Rm	**2002 Rm**	2001 Rm
e. Disposal of subsidiares net of cash diposed				
The fair value of the assets and liabilities of Mauritius operations disposed of were as follows:				
Cash	**12.4**	–	**–**	–
Inventories	**176.3**	–	**–**	–
Accounts receivable	**155.2**	–	**–**	–
Property, plant and equipment	**447.8**	–	**–**	–
Investments	**20.3**	–	**–**	–
Accounts payable	**(97.8)**	–	**–**	–
Long term liabilities	**(1.5)**	–	**–**	–
Short term loans	**(35.5)**	–	**–**	–
Deferred tax liabilty	**(24.7)**	–	**–**	–
Other	**(41.0)**			
	611.5	–	**–**	–
Less: Outside shareholders' interest therein	**(177.4)**	–	**–**	–
Net asset value to group	**434.1**	–	**–**	–
Profit on disposal	**23.3**	–	**–**	–
Proceeds net of disposal costs	**457.4**	–	**–**	–
Settling of intercompany balance owing	**(67.7)**	–	**–**	–
Net proceeds on disposal of subsidiaries	**389.7**	–	**–**	–
f. Aquisition of subsidiary net of cash acquired				
The fair value of the assets acquired and liabilities assumed of Zambia Sugar Plc were as follows:				
Cash	**5.5**	–	**–**	–
Inventories	**196.3**	–	**–**	–
Accounts receivable	**57.8**	–	**–**	–
Property, plant and equipment	**257.5**	–	**–**	–
Accounts payable	**(135.9)**	–	**–**	–
Long term liabilities	**(94.8)**	–	**–**	–
Short term loans	**(41.5)**	–	**–**	–
Deferred tax liabilty	**(37.4)**	–	**–**	–
	207.5	–	**–**	–
Less: Outside shareholders' interest therein	**(22.6)**	–	**–**	–
Net asset value to group	**184.9**	–	**–**	–
Negative goodwill on acquisition	**(12.1)**	–	**–**	–
Cash cost of subsidiary acquired including acquisition costs	**172.8**	–	**–**	–

	Group		Company	
	2002 Rm	2001 Rm	**2002 Rm**	2001 Rm
g. Proceeds from issue of share capital				
During the year the company issued 1 527 900 (2001: 238 700) new shares. In 2001 54 041 shares were repurchased following an odd lot offer. Net proceeds	**6.8**	0.7	**6.8**	0.7
h. Cash and cash equivalents				
Cash and cash equivalents consist of cash on hand and balances with banks and investments in money market instruments.				
Cash and cash equivalents at the beginning of the year				
Per the balance sheet	**274.6**	269.8	**171.9**	234.5
Less: Cash in subsidiaries disposed	**(12.4)**	–		
Add: Cash in subsidiary acquired	**5.5**	–		
Translation adjustment on opening balance of cash and cash equivalents	**36.2**	3.8		
Per the cashflow	**303.9**	273.6	**171.9**	234.5

STATEMENT OF CHANGES IN EQUITY for the year ended 31 March 2002

	Share capital and premium Rm	Translation reserve Rm	Other non-distributable reserves Rm	Retained surplus Rm	**Total Rm**
Group					
Balance at 31 March 2000	247.1	82.2	322.3	533.1	**1 184.7**
Net gains and losses not recognised in the income statement:-		11.8	1.6	(2.8)	**10.6**
Transfer to statutory reserve			5.4	(6.6)	**(1.2)**
Realised surpluses - disposal of land			23.9	(23.9)	**–**
Write back of excess of net assets over cost of investment in subsidiaries			(27.7)	27.7	**–**
Currency translation differences		11.8			**11.8**
Net profit from ordinary activities				246.5	**246.5**
Dividends paid				(108.9)	**(108.9)**
Issue of share capital	0.7				**0.7**
Balance at 31 March 2001	247.8	94.0	323.9	667.9	**1 333.6**
Net gains and losses not recognised in the income statement:-		**286.5**	**(238.3)**	**352.0**	**400.2**
Transfer to retained surplus			**(186.7)**	**186.7**	**–**
Realised surpluses - disposal of land			**(3.2)**	**3.2**	**–**
Profit on disposal of subsidiary			**23.3**	**(23.3)**	
Realised on disposal of subsidiary		**(113.7)**	**(71.7)**	**185.4**	**–**
Currency translation differences		**400.2**			**400.2**
Net profit from ordinary activities				**361.4**	**361.4**
Dividends paid				**(129.0)**	**(129.0)**
Impairment of investment				**(186.7)**	**(186.7)**
Isssue of share capital	**6.8**				**6.8**
Balance at 31 March 2002	**254.6**	**380.5**	**85.6**	**1 065.6**	**1 786.3**
Company					
Balance at 31 March 2000	247.1		263.6	643.9	**1 154.6**
Net gains and losses not recognised in the income statement:-					
Realised surpluses - disposal of land			10.3	(10.3)	**–**
Net profit from ordinary activities				37.3	**37.3**
Dividends paid				(108.9)	**(108.9)**
Issue of share capital	0.7				**0.7**
Balance at 31 March 2001	247.8		273.9	562.0	**1 083.7**
Net gains and losses not recognised in the income statement:-					
Realised surpluses - disposal of land			**7.3**	**(7.3)**	**–**
Profit on disposal of subsidiary			**34.8**	**(34.8)**	**–**
Net profit from ordinary activities				**143.8**	**143.8**
Dividends paid				**(129.0)**	**(129.0)**
Isssue of share capital	**6.8**				**6.8**
Balance at 31 March 2002	**254.6**		**316.0**	**534.7**	**1 105.3**

1. REVENUE

	Group		Company	
	2002 Rm	2001 Rm	**2002 Rm**	2001 Rm
Revenue represents the proceeds receivable from:				
Sugar production	**4 561.0**	3 423.9	**2 333.5**	2 110.9
Cane growing	**816.1**	754.7	**152.8**	144.5
Downstream	**549.0**	482.5	**433.2**	333.5
Hotels and other	**–**	74.0		
	5 926.1	4 735.1	**2 919.5**	2 588.9
Includes export revenue of:	**2 031.0**	1 812.3	**1 141.5**	983.5
Excludes revenue of jointly controlled joint venture entities and associate companies of:	**74.9**	53.4		

2. PROFIT FROM OPERATIONS

Revenue	**5 926.1**	4 735.1	**2 919.5**	2 588.9
Cost of sales	**4 403.7**	3 411.3	**2 258.8**	2 086.3
Distribution costs	**412.4**	258.2	**163.6**	134.0
Administrative costs	**346.0**	270.9	**195.6**	170.6
Other operating costs	**15.4**	218.9	**17.3**	5.5
Profit from operations	**748.6**	575.8	**284.2**	192.5
Profit from operations has been determined after taking into account the following items:				
Depreciation	**328.0**	268.0	**131.1**	126.2
– Buildings	**14.7**	13.6	**3.2**	3.3
– Leasehold properties	**7.7**	2.8	**0.1**	–
– Plant, machinery and other	**191.2**	170.0	**66.9**	65.9
– Factory overhaul costs	**113.5**	81.4	**60.9**	57.0
– Capitalised leased plant	**0.9**	0.2	**–**	–
(Profit)/loss on disposal of plant and equipment	**(0.4)**	0.7	**(0.7)**	–
Amortisation of goodwill	**(0.6)**	–		
Operating lease charges	**61.6**	55.6	**30.9**	25.6
Auditors' remuneration	**4.7**	4.6	**2.3**	2.0
– Audit fees	**4.5**	4.3	**2.1**	1.8
– Fees for other services	**0.1**	0.2	**0.1**	0.1
– Expenses	**0.1**	0.1	**0.1**	0.1
Research and development expenditure	**15.5**	16.1	**15.5**	16.1
Foreign exchange gains	**25.7**	3.4	**3.3**	2.9

3. NET FINANCING COSTS

	Group		Company	
	2002 Rm	2001 Rm	**2002 Rm**	2001 Rm
Interest paid	**288.7**	261.3	**164.3**	175.5
Long term borrowings	**69.6**	73.2	**50.9**	53.5
Bank and short term borrowings	**210.6**	174.2	**101.7**	116.4
Capitalised finance leases	**1.4**	0.6	**–**	–
Other	**7.1**	13.3	**11.7**	5.6
Preference dividends paid	**-**	5.1	**–**	–
Interest received on loans and deposits	**(58.1)**	(72.0)	**(30.1)**	(35.4)
	230.6	194.4	**134.2**	140.1
Interest incurred prior to the commencement of production and capitalised as part of the cost of property, plant and equipment	**(0.4)**	(1.8)	**–**	–
Net financing costs	**230.2**	192.6	**134.2**	140.1
Dividend income	**1.7**	8.5	**22.1**	2.5
Finance costs net of dividend income	**228.5**	184.1	**112.1**	137.6

4. ABNORMAL ITEMS

(Loss)/profit arising on disposal of properties	**(3.2)**	27.9	**7.3**	10.3
Profit arising on sale of subsidiaries	**23.3**	–	**34.8**	–
Per income statement	**20.1**	27.9	**42.1**	10.3
Outside shareholders' share of abnormal items after taxation	**–**	(3.8)		
Abnormal profit attributable to shareholders of Illovo Sugar Limited	**20.1**	24.1	**42.1**	10.3

5. TAXATION

		Group		Company	
		2002 Rm	2001 Rm	**2002 Rm**	2001 Rm
South African normal taxation	– current year	**78.6**	10.0	**66.3**	1.9
	– prior year	**3.1**	0.3	**2.9**	–
Foreign taxation	– current year	**33.7**	43.7		
	– prior year	**(2.2)**	(8.5)		
Secondary tax on companies		**–**	–	**–**	–
Deferred taxation	– current year	**50.8**	63.4	**1.2**	25.2
	– prior year	**(3.8)**	(1.6)	**–**	0.8
	– rate change adjustment	**(38.9)**	(11.3)	**–**	–
		121.3	96.0	**70.4**	27.9
Reconciliation of rate of taxation		**%**	%	**%**	%
South African normal rate of taxation		**30.0**	30.0	**30.0**	30.0
Less (reduction)/increase in charge for year due to:		**(7.0)**	(5.8)	**11.0**	20.8
Adjustment from prior years		**0.5**	(2.2)	**1.7**	1.5
Exempt income		**(4.6)**	(7.7)	**(3.1)**	(5.8)
Assessed losses utilised		**(1.4)**	–	**–**	–
Reduction in the tax rate		**(5.1)**	(2.9)	**–**	–
Disallowable expenditure		**4.6**	3.4	**7.3**	6.7
Taxation rate differentials - foreign subsidiaries		**(3.0)**	0.9	**–**	
Tax on foreign dividends		**–**	2.6	**–**	18.7
Other		**2.0**	0.1	**5.1**	(0.3)
Effective rate of taxation		**23.0**	24.2	**41.0**	50.8
The estimated group tax losses at the end of the year:		**39.7**	37.9		

6. EXTRAORDINARY ITEM

In Mozambique, as a direct consequence of the devastating floods of February 2000 and because the funds expected to be received pursuant to the Rome Convention proposals for the restoration of identified agricultural operations affected by the floods have not been forthcoming, it has become necessary for the group to invest additional capital of its own into the Maragra sugar project. It has been deemed prudent to provide an amount of R187.6 million, as an extraordinary item, for the impairment of this investment.

7. DIVIDENDS PAID

	Group and Company	
	2002 Rm	2001 Rm
Dividend no.17 of 18.0 cents per share (final 2000) - paid 14 July 2000		59.4
Dividend no.18 of 15.0 cents per share (interim 2001) - paid 12 January 2001		49.5
Dividend no.19 of 19.0 cents per share (final 2001) - paid 13 July 2001	**62.7**	
Dividend no.20 of 20.0 cents per share (interim 2002) - paid 14 January 2002	**66.3**	
	129.0	108.9

8. PROPERTY, PLANT AND EQUIPMENT

	2002		2001	
	Cost Rm	**Accumulated depreciation Rm**	Cost Rm	Accumulated depreciation Rm
Group				
Freehold land and buildings	**656.5**	**215.1**	913.0	183.5
Leasehold properties	**237.1**	**40.9**	109.9	15.5
Plant, machinery and other	**3 876.6**	**1 798.1**	3 180.4	1 437.3
Capitalised leased plant	**6.4**	**1.7**	2.2	0.2
Factory overhaul costs	**134.7**	**–**	84.3	–
	4 911.3	**2 055.8**	4 289.8	1 636.5
Net book value	**2 855.5**		2 653.3	
Company				
Freehold land and buildings	**218.3**	**45.7**	224.8	46.9
Leasehold properties	**3.0**	**1.6**	3.0	1.5
Plant, machinery and other	**1 206.1**	**627.7**	1 166.8	571.4
Factory overhaul costs	**70.0**	**–**	60.9	–
	1 497.4	**675.0**	1 455.5	619.8
Net book value	**822.4**		835.7	

With the exception of land and motor vehicles, the group's property, plant and equipment are insured at cost of replacement amounting to R12 082 million (2001: R11 148 million). Motor vehicles are insured at market value amounting to R258 million (2001: R241 million).

The group's properties are wide-ranging, amounting to 112 088 hectares (2001: 74 901) in extent comprising largely the lands on which the group's sugar milling and cane growing activities are situated. As the number of individual properties is extensive, a list is not published with these statements but registers of land and buildings are available for inspection at the relevant registered offices of the group.

8. PROPERTY, PLANT AND EQUIPMENT (continued)

Group

The carrying amount of the group's property, plant and equipment can be reconciled as follows:

	Freehold land and buildings Rm	Leasehold properties Rm	Plant machinery and other Rm	Factory overhaul costs Rm	**2002 Total Rm**	2001 Total Rm
Net book value at beginning of year	**729.5**	**94.4**	**1 745.1**	**84.3**	**2 653.3**	2 596.1
Additions	**43.3**	**0.8**	**132.9**	**131.4**	**308.4**	305.3
Acquisition of subsidiary	**–**	**116.0**	**117.8**	**23.7**	**257.5**	(36.3)
Disposals	**(34.4)**	**(0.2)**	**(2.0)**	**–**	**(36.6)**	–
Disposal of subsidiary	**(333.5)**	**(28.6)**	**(85.7)**	**–**	**(447.8)**	–
Exchange rate translation	**51.2**	**21.5**	**367.2**	**8.8**	**448.7**	56.2
	456.1	**203.9**	**2 275.3**	**248.2**	**3 183.5**	2 921.3
Depreciation	**(14.7)**	**(7.7)**	**(192.1)**	**(113.5)**	**(328.0)**	(268.0)
Net book value at end of year	**441.4**	**196.2**	**2 083.2**	**134.7**	**2 855.5**	2 653.3

Company

The carrying amount of the company's property, plant and equipment can be reconciled as follows:

	Freehold land and buildings Rm	Leasehold properties Rm	Plant machinery and other Rm	Factory overhaul costs Rm	**2002 Total Rm**	2001 Total Rm
Net book value at beginning of year	**177.9**	**1.5**	**595.4**	**60.9**	**835.7**	858.5
Additions	**21.5**	**–**	**51.0**	**70.0**	**142.5**	125.2
Disposals	**(23.6)**	**–**	**(1.1)**	**–**	**(24.7)**	(21.8)
	175.8	**1.5**	**645.3**	**130.9**	**953.5**	961.9
Depreciation	**(3.2)**	**(0.1)**	**(66.9)**	**(60.9)**	**(131.1)**	(126.2)
Net book value at end of year	**172.6**	**1.4**	**578.4**	**70.0**	**822.4**	835.7

9. PRODUCT REGISTRATIONS

Product registrations represent registered rights to exclusively sell licensed products in specific countries.

	Group		Company	
	2002 Rm	2001 Rm	**2002 Rm**	2001 Rm
Balance at beginning of the year	**–**	–	**–**	–
Current year movements				
Expenditure	**4.0**	–	**4.0**	–
Balance at end of the year	**4.0**	–	**4.0**	–

10. GOODWILL

	Group	
	2002 Rm	2001 Rm
Surplus of net assets over the cost of subsidiary acquired during the year	**(12.1)**	–
Amortisation for the year	**0.6**	–
Carrying amount at the end of the year	**(11.5)**	–
Gross carrying amount	**(12.1)**	–
Accumulated amortisation	**0.6**	–

11. INTEREST IN SUBSIDIARY COMPANIES

The principal subsidiaries of Illovo Sugar Limited are as follows:	Issued capital Rm	Effective percentage holding %	Shares at cost Rm	Amount owing by/(to) subsidiary company Rm	Total investment Rm
2002					
Illovo Distributors (Pty) Limited	**–**	**100**	**0.4**	**(1.8)**	**(1.4)**
Illprop (Pty) Limited	**–**	**100**	**–**	**1.6**	**1.6**
Reynolds Brothers Limited	**–**	**100**	**–**	**8.3**	**8.3**
Eureka Trading Limited	**–**	**100**	**–**	**(0.5)**	**(0.5)**
Illovo Project Services Limited	**–**	**100**	**–**	**27.7**	**27.7**
CGS Investments (Pty) Limited	**–**	**100**	**0.9**	**(1.5)**	**(0.6)**
Glendale Sugar Limited	**4.7**	**100**	**20.9**	**(13.5)**	**7.4**
East African Supply (Pty) Limited	**–**	**100**	**–**	**128.5**	**128.5**
Illovo Sugar (Africa) Limited	**12.4**	**100**	**41.9**	**(96.3)**	**(54.4)**
Ubombo Sugar Limited	**4.9**	**60**	**–**	**1.5**	**1.5**
The Sugar Corporation of Malawi Limited	**92.0**	**61**	**–**	**0.1**	**0.1**
Zambia Sugar Plc	**7.2**	**89**	**–**	**–**	**–**
Illovo Group Holdings Limited - ordinary	**–**	**100**	**–**	**174.6**	**174.6**
Illovo Group Holdings Limited - preference	**1 009.6**	**100**	**584.4**	**–**	**584.4**
Palaa Consultores Marketing E Servicos Lda	**–**	**100**	**–**	**0.4**	**0.4**
Monitor Holdings Limited	**350.0**	**100**	**350.0**	**0.2**	**350.2**
Illovo Tanzania Limited	**–**	**100**	**–**	**1.0**	**1.0**
Illovo Sugar Ireland	**–**	**100**	**–**	**0.7**	**0.7**
			998.5	**231.0**	**1 229.5**
2001					
Illovo Distributors (Pty) Limited	–	100	0.4	–	0.4
Illprop (Pty) Limited	–	100	–	1.7	1.7
Reynolds Brothers Limited	–	100	–	7.4	7.4
Eureka Trading Limited	–	100	–	(0.6)	(0.6)
Illovo Project Services Limited	–	100	–	15.4	15.4
CGS Investments (Pty) Limited	–	100	0.9	1.6	2.5
Glendale Sugar Limited	4.7	100	20.9	(11.4)	9.5
East African Supply (Pty) Limited	–	100	–	193.8	193.8
Illovo Sugar (Africa) Limited	12.4	100	41.9	(27.4)	14.5
Ubombo Sugar Limited	4.9	60	–	0.2	0.2
The Sugar Corporation of Malawi Limited	72.1	60	–	–	–
Mon Tresor and Mon Desert Limited	58.7	80	–	0.2	0.2
Illovo Group Holdings Limited - ordinary	–	100	–	60.1	60.1
Illovo Group Holdings Limited - preference	931.0	96	736.0	–	736.0
Palaa Consultores Marketing E Servicos Lda	–	100	–	0.3	0.3
Monitor Holdings Limited	350.0	100	350.0	2.4	352.4
			1 150.1	243.7	1 393.8

A full list of subsidiaries is available on request from the Secretary.

12. INTEREST IN JOINT VENTURE ENTITIES

Interest in joint ventures	Ownership in interest held	Year end and date to which financial statements have been prepared	Nature of business
Lacsa (Pty) Limited	50%	31 March 2002	Manufacturing
Relax Limited	50%	31 March 2002	Marketing

The group equity accounts for its interests in jointly controlled joint venture entities:

	Group	
Investments in joint venture entities	**2002 Rm**	2001 Rm
Cost less amounts written off	**0.6**	0.6
Share of retained income	**23.1**	15.8
Carrying value of joint venture entities	**23.7**	16.4
Loans	**(0.7)**	(0.3)
	23.0	16.1
The total aggregated assets and liabilities of joint venture entities as at 31 March 2002 is as follows:		
Property, plant, equipment and investments	**5.4**	5.6
Current assets including cash	**59.4**	43.7
Total assets	**64.8**	49.3
Less long term liabilities	**(15.5)**	(1.2)
Less current liabilities	**(1.2)**	(14.7)
Net assets	**48.1**	33.4

13. INTEREST IN ASSOCIATE COMPANIES

Prinicipal associates of the group	Nature of business	Group 2002 Effective % holding	Group 2001 Effective % holding
Kilombero Sugar Distributors Limited	Distribution	**20.0**	20.0
Kilombero Holdings Limited	Investment	**9.7**	9.7
Kilombero Sugar Company Limited	Sugar production	**7.3**	7.3
Maragra Açúcar SARL	Sugar production	**50.0**	50.0
Southern Cross Sugar Exports (Pty) Limited	Sugar export agents	**33.3**	33.3

	Group 2002 Rm	Group 2001 Rm
Investment in associate companies		
Cost	**129.2**	91.3
Loans	**245.5**	74.6
Gross investment	**374.7**	165.9
Impairment of investment in Maragra Açúcar	**(186.7)**	–
Net investment in associate companies	**188.0**	165.9
Directors valuation of:		
Shares in unlisted associate companies	**129.2**	91.3
Loans to unlisted associate companies	**58.8**	74.6
	188.0	165.9
The aggregated assets and liabilities of Kilombero Holdings Limited, Kilombero Sugar Company Limited and Kilombero Sugar Distributors Limited as at 31 March 2002 are as follows:		
Property, plant, equipment and investments	**721.5**	492.0
Current assets including cash	**205.0**	126.6
Total assets	**926.5**	618.6
Less long term liabilities	**(65.1)**	(137.6)
Less current liabilities	**(762.6)**	(411.0)
Net assets	**98.8**	70.0
The group provided guarantees amounting to R367 million (2001: R241 million) and letters of support amounting to R127 million (2001: R80 million) relating to its investment in the Kilombero group of companies.		
The aggregated assets and liabilities of Maragra Açúcar SARL as at 31 March 2002 are as follows:		
Property, plant, equipment and investments	**867.8**	424.5
Current assets including cash	**119.9**	105.9
Total assets	**987.7**	530.4
Less long term liabilities	**(619.4)**	(69.7)
Less current liabilities	**(29.3)**	(373.8)
Net assets	**339.0**	86.9
The group provided letters of support amounting to R 452 million (2001: R249 million) relating to its investment in Maragra Açúcar SARL.		

14. INVESTMENTS

	Group		Company	
	2002 Rm	2001 Rm	**2002 Rm**	2001 Rm
Listed investments	**–**	13.7	**–**	–
Unlisted investments	**0.5**	6.7	**0.4**	0.4
Loans	**75.3**	51.3	**6.1**	5.6
	75.8	71.7	**6.5**	6.0
Listed investments at market valuation	**–**	29.1	**–**	–
Unlisted investments at directors' valuation	**0.5**	11.2	**0.4**	0.4

The loans bear interest at varying rates and have no fixed terms of repayment.

15. INVENTORIES

Consumables	**175.8**	87.0	**0.2**	0.2
Finished goods	**467.3**	355.8	**27.4**	17.4
Growing crops	**806.4**	589.7	**105.5**	97.6
Raw materials and components	**105.1**	89.4	**69.1**	52.2
	1 554.6	1 121.9	**202.2**	167.4

16. ORDINARY SHARE CAPITAL AND PREMIUM

	Group and Company	
	2002 Rm	2001 Rm
Authorised share capital		
900 000 000 (2001: 900 000 000) ordinary shares of 4 cents each	**36.0**	36.0
Issued share capital		
331 711 001 (2001: 330 183 101 ordinary shares of 4 cents each	**13.3**	13.2
Share premium account	**241.3**	234.6
	254.6	247.8
The movement on the share capital and share premium accounts for the year was as follows:		
Balance at beginning of year	**247.8**	247.1
Issue of new shares	**6.8**	1.1
Repurchase of shares	**–**	(0.3)
Cost of odd lot offer	**–**	(0.1)
Balance at end of year	**254.6**	247.8

The unissued shares are under the control of the directors until the forthcoming annual general meeting. The weighted average number of shares used in the calculation of headline earnings per share was 330 890 358 (2001: 330 023 162) and used in the calculation of diluted headline earnings per share was 345 370 458 (2001: 344 157 062).

17. NON-DISTRIBUTABLE RESERVES

	Group		Company	
	2002 Rm	2001 Rm	**2002 Rm**	2001 Rm
Realised surpluses on sales of land and investments	**48.5**	268.8	**280.4**	238.3
Capital redemption reserve funds	**37.1**	37.1	**35.6**	35.6
Mauritius statutory modernisation reserve	**–**	18.0	**–**	–
Foreign currency translation reserve	**380.5**	94.0	**–**	–
Total non-distributable reserves	**466.1**	417.9	**316.0**	273.9
Balance at beginning of year	**417.9**	404.5	**273.9**	263.6
Realised (losses)/surpluses - sale of land	**(3.2)**	23.9	**7.3**	10.3
Profit on disposal of subsidiaries	**23.3**	–	**34.8**	–
Write back of excess of net assets over cost of investment in subsidiaries	**–**	(27.7)	**–**	–
Realised on disposal of investment in subsidiaries	**(185.4)**	–		
Transfer to statutory reserve	**–**	5.4	**–**	–
Transfer to retained surplus	**(186.7)**	–		
Foreign currency translation adjustment	**400.2**	11.8	**–**	–
Balance at end of year	**466.1**	417.9	**316.0**	273.9

18. RETAINED SURPLUS

Balance at beginning of year	**667.9**	533.1	**562.0**	643.9
Net profit for the year	**361.4**	246.5	**143.8**	37.3
Dividends paid	**(129.0)**	(108.9)	**(129.0)**	(108.9)
Impairment of investment in subsidiary	**(186.7)**	–		
Transfer from non-distributable reserves	**186.7**	–		
Realised losses/(surpluses) - sale of land	**3.2**	(23.9)	**(7.3)**	(10.3)
Profit on disposal of subsidiaries	**(23.3)**	–	**(34.8)**	
Write back of excess of net assets over cost of investment in subsidiaries	**–**	27.7	**–**	–
Realised on disposal of investment in subsidiary	**185.4**	–		
Transfer to statutory reserve	**–**	(6.6)	**–**	–
Balance at end of year	**1 065.6**	667.9	**534.7**	562.0

19. DEFERRED TAXATION

	Group		Company	
	2002 Rm	2001 Rm	**2002 Rm**	2001 Rm
Balance at beginning of year	**456.1**	463.6	**180.0**	154.0
On acquisition of subsidiary	**37.4**	–		
On disposal of subsidiaries	**(24.7)**	–		
Changes during the year:				
Exchange rate translation difference	**97.5**	(58.0)		
Charged/(credited) to income:				
Temporary differences	**48.7**	37.0	**1.3**	0.1
Tax loss (increased)/utilised	**(1.6)**	24.8	**–**	25.9
Rate change adjustment	**(38.9)**	(11.3)	**–**	–
Balance at end of year	**574.5**	456.1	**181.3**	180.0
Analysis of provision				
Property, plant and equipment	**446.0**	365.1	**145.5**	157.0
Tax losses	**(13.6)**	(8.1)	**–**	-
Other	**142.1**	99.1	**35.9**	23.0
Balance at end of year	**574.5**	456.1	**181.3**	180.0

20. LONG TERM BORROWINGS

South African borrowings	**218.1**	353.9	**218.1**	353.9
Foreign currency borrowings	**460.8**	289.8	**–**	–
Total borrowings	**678.9**	643.7	**218.1**	353.9
Less: Current portion redeemable and repayable within one year	**82.1**	28.0	**2.4**	2.2
	596.8	615.7	**215.7**	351.7
The above borrowings are due for repayment in the following years ending 31 March				
2003	**82.1**	28.0	**2.4**	2.2
2004	**71.3**	26.8	**0.1**	2.4
2005	**418.3**	157.9	**215.5**	133.5
2006	**10.3**	365.3	**0.1**	215.8
2007 and thereafter	**96.9**	65.7	**–**	–
	678.9	643.7	**218.1**	353.9

20. LONG TERM BORROWINGS (continued)

	Foreign currency millions	Years of redemption/ payment	Interest rate %	Group 2002 Rm	Group 2001 Rm
South African borrowings					
Unsecured loans		2003 - 2007	11.01 - 17.55	**218.1**	353.9
Total South African borrowings				**218.1**	353.9
Foreign borrowings					
Unsecured loans					
US Dollars	33.8	2005 - 2015	4.9 - 8.0	**375.6**	285.1
Swaziland Emalangeni	0.3	2008	10.0	**0.3**	0.3
Malawi Kwacha	0.6	2012	7.5	**0.1**	–
Zambia Kwacha	3 150.0	2003	47.0	**8.4**	–
Secured loans					
Zambia Kwacha *	27 734.0	2003 - 2004	47.0	**73.8**	–
Mauritius Rupee				**–**	1.5
Liabilities under capitalised finance leases					
Malawi Kwacha	17.3	2003 - 2009	15.5	**2.6**	2.9
Total foreign borrowings				**460.8**	289.8
Total borrowings				**678.9**	643.7

* The Zambia Sugar Plc syndicated loan is secured over the assets of Zambia Sugar Plc.
The book value of the encumbered assets is limited to the outstanding loan of R73.8 million.

21. SHORT TERM BORROWINGS

	Group 2002 Rm	Group 2001 Rm	Company 2002 Rm	Company 2001 Rm
Amounts due to bankers	**1 063.6**	1 061.3	**756.2**	756.4
Current portion of long term borrowings (note 20)	**82.1**	28.0	**2.4**	2.2
	1 145.7	1 089.3	**758.6**	758.6

Certain loans are secured over assets (refer note 20)

22. PROVISIONS

	Group		Company	
Leave pay	**2002 Rm**	2001 Rm	**2002 Rm**	2001 Rm
Balance at beginning of year	**35.3**	30.6	**21.2**	20.3
Acquisition of subsidiary	**4.0**	–		
Raised/(utilised) during the year	**2.4**	4.3	**(1.8)**	0.9
Foreign currency translation movement	**4.7**	0.4		
Balance at end of year	**46.4**	35.3	**19.4**	21.2
Post retirement medical benefits				
Balance at beginning of year	**220.8**	191.2	**58.2**	53.5
Acquisition of subsidiary	**37.5**	–		
Disposal of subsidiaries	**(55.6)**	–		
Raised during the year	**32.6**	13.2	**5.2**	4.7
Foreign currency translation movement	**45.6**	16.4		
Balance at end of year	**280.9**	220.8	**63.4**	58.2
Other				
Balance at beginning of year	**16.8**	32.8	**–**	15.7
Acquisition of subsidiary	**2.7**	–		
Utilised during the year	**(1.3)**	(16.0)	**–**	(15.7)
Foreign currency translation movement	**0.2**	–		
Balance at end of year	**18.4**	16.8	**–**	–
Total provisions				
Balance at beginning of year	**272.9**	254.6	**79.4**	89.5
Acquisition of subsidiary	**44.2**	–		
Disposal of subsidiaries	**(55.6)**	–		
Raised/(utilised) during the year	**33.7**	1.5	**3.4**	(10.1)
Foreign currency translation movement	**50.5**	16.8		
Balance at end of year	**345.7**	272.9	**82.8**	79.4

23. RETIREMENT BENEFITS

A total of nine defined benefit pension funds and nine defined contribution funds cover the large majority of employees, other than those covered by membership of vaious service based retirement arrangements.

An amount of R25.7 million (2001: R20.5 million) was expensed during the year in respect of defined contribution plans. This amount is stated after setting off the value of contribution holidays taken amounting to R1.2 million (2001: R1.4 million).

An amount of R20.8 million (2001: R4.8 million) was expensed during the year in respect of defined benefit plans. This amount is stated after taking account of plan surpluses of R3.1 million (2001: R4.4 million) which have been recognised to the extent that contribution holidays have been taken. With effect from December 2001 the group discontinued the utilisation of plan surpluses through taking contribution holidays.

South Africa

All South African plans are funded with their assets held in administered trust funds and are governed by the Pensions Fund Act of 1956. Plan assets primarily consist of listed shares, fixed income securities and investments in the money market.

Following the conversion in 1998, on a voluntary basis, of a large number of members from defined benefit plans to defined contribution plans, remaining defined benefit plans operate as closed funds.

The defined benefit plans are actuarially valued at intervals of not more than three years. Any deficits that are identified, are funded by the companies concerned by way of increased future contributions or by the payment of an actuarially determined lump sum.

In terms of the requirements of the revised AC116, a valuation using the projected unit credit method was performed on the two defined benefit plans during 2002. These were found to be in a sound financial condition by an independent consulting actuary. In arriving at his finding, the actuary has taken into account a discount rate and expected rate of return on the assets of 11.5%, an expected rate of salary increases of 8.0% and an expected rate of pension increases equal to inflation of 6.5%. The assumptions (and methods) used are consistent with the requirements of the revised statement AC116, and not necessarily consistent with the assumptions (and methods) used in the statutory actuarial valuation used for assessing funding requirements. At the last valuation date, the combined fair value of the benefit plan assets amounted to R524.5 million whilst the actuarial present value of promised retirement benefits totalled R283.8 million. The actuarial surplus of R71.4 million has not been recognised as an asset in the financial statements due to the implications of the Pension Funds Second Amendment Act, 2001. In terms of this Act a surplus apportionment exercise is presently being carried out and is expected to be finalised in June 2003.

The obligation of the company to pay medical aid contributions after retirement is no longer part of the conditions of employment for employees engaged after 1 December 1995. 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 employees remaining in service until retirement age and completing a minimum service period.

Swaziland

The pension scheme is actuarially valued every three years on the accrued funding basis. The latest valuation was carried out in May 1999 and reflected a deficit of R2.1 million at 1 May 1999. Employer contribution rates have been increased to fund this deficit.

Arrangements have been concluded in respect of employees not entitled to pension benefits by which retirement gratuities are granted to eligible employees based on length of service. An actuarial valuation carried out by independent consulting actuaries at 31 March 1997 indicated that there is a liability of R24.6 million in respect of these and the statutory benefits. The full liability has been provided in the group's accounts.

Malawi

Pensions are provided for Sucoma employees and new recruits at Dwangwa by the Sucoma Group Pension Scheme to which the company contributes. The pension fund comprises defined benefit plans under which the retirement benefits are determined by reference to the employees' pensionable remuneration and years of service. The fund is actuarially valued every year using the projected benefit valuation method. At the last valuation on 30 September 2001, the fund had a deficit of R2.6 million.

Pensions are provided for Dwangwa estate employees engaged prior to the creation of the Sucoma Group Pension Scheme through a number of defined contribution and benefit pension schemes. The assets are being held in independently administered funds. The defined benefit pension schemes are actuarially valued from time to time as legally required and contribution rates adjusted accordingly. The pension cost charge is recognised in the period in which it is incurred.

Amendments are currently being made to the existing retirement benefit schemes which will result in a single defined contribution scheme for the Sucoma group.

Zambia

The company operates a defined benefit pension scheme covering its non-unionised premanent employees. Members contribute 6.5% and the company contributes 12% of the pensionable pay to a fund manged by Saturnia Regna Pension Trust Fund.

The trustees commissioned professional actuaris to undertake an actuarial valuation of the company's defined benefit pension scheme. A preliminary report based on September 2001 data, reflects the deficit of R8.23 million. Zambia Sugar Plc has an obligation to make good this deficit and have provided in full for this in the current year.

United States of America

Salaried employees are covered by a defined benefit pension plan. A separate plan covers the hourly paid employees who are represented by the American Federation of Grain Millers, Local No. 263, AFL-CIO. The salaried plan benefits are based on years of service and the employees' compensation using the highest compensation rate for any five years out of the last ten prior to retirement. The hourly plan benefits are based on years of service and specified benefit rates.

The funding practice for both plans is to annually contribute the minimum amount required to meet ERISA standards. These contributions are invested in shares and fixed income securities. There are also defined benefit pension plans covering employees whose benefits are limited by section 415 of the Internal Revenue Code. The benefit formula is based on years of service and employee compensation. This supplemental plan is not funded by the company.

Post-retirement medical benefits

The group provides for post-retirement medical benefits on the accrual basis determined actuarially. At 31 March 2002, the total provision amounted to R280.9 million (2001: R220.8 million), with R32.6 million being charged to the income statement in the current year.

24. CAPITAL EXPENDITURE COMMITMENTS

	Group		Company	
	2002 Rm	2001 Rm	**2002 Rm**	2001 Rm
South Africa				
- contracted	**7.1**	5.9	**7.1**	5.9
- approved but not contracted	**186.1**	139.4	**186.1**	139.4
Swaziland				
- contracted	**1.9**	2.1		
- approved but not contracted	**34.2**	29.2		
Malawi				
- contracted	**6.2**	4.2		
- approved but not contracted	**43.4**	27.2		
Zambia				
- contracted	**11.2**			
- approved but not contracted	**51.8**			
United States of America				
- contracted	**1.5**	8.2		
- approved but not contracted	**50.0**	54.1		
Contracted	**27.9**	20.4	**7.1**	5.9
Approved but not contracted	**365.5**	249.9	**186.1**	139.4
	393.4	270.3	**193.2**	145.3

The capital expenditure will be financed from cash resources and facilities negotiated and not yet utilised.

25. CONTINGENT LIABILITIES

Guarantees in respect of liabilities of third parties	**469.5**	262.8	**543.0**	293.4

26. OPERATING LEASES

The group's commitments in respect of operating leases are as follows:

	2003 Rm	2004 Rm	2005 Rm	2006 Rm	2007 onwards Rm	Group **2002 Rm**	Group 2001 Rm
Property	31.9	30.4	29.9	32.3	389.4	**513.9**	530.9
Plant and equipment	34.3	22.1	18.1	14.5	15.3	**104.3**	97.6
Total lease commitments	66.2	52.5	48.0	46.8	404.7	**618.2**	628.5

27. DIRECTORS' REMUNERATION (R000)

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

Name		Salary	Bonus	Retirement and medical contributions	Other benefits	Option Gains	Total
Executive directors:							
W M A Buchanan		**551**	**218**	**125**	**111**		**1 005**
G J Clark		**896**	**380**	**203**	**73**		**1 552**
N M Hawley		**575**	**269**	**137**	**99**		**1 080**
G D Knox		**554**	**258**	**148**	**54**		**1 014**
D G MacLeod		**1 703**	**796**	**352**	**91**	**239**	**3 181**
A B Ravnö		**623**	**290**	**138**	**60**		**1 111**
J T Russell		**900**	**419**	**194**	**97**	**177**	**1 787**
B M Stuart		**872**	**355**	**245**	**103**	**192**	**1 767**
Former director:							
G Leung Shing		–	**–**	**–**	**1 000**	**–**	**1 000**
R L Hetzler	US$ 000	**376**	**–**	**127**	**9**	**–**	**512**
Total executive directors		**10 246**	**2 985**	**2 749**	**1 777**	**608**	**18 365**

	Fees
Non-executive directors:	
B P Connellan	**60**
R D Hamilton	**–**
D Konar	**110**
A R Mpungwe	**60**
R A Norton	**110**
M J Shaw	**55**
R A Williams	**800**
Former directors:	
D E Cooper	**36**
D D B Mkhwanazi	**35**
Total non-executive directors	**1 266**

Interest of the directors of the company in the share capital and share options is set out in the Statutory Information.
Benefits paid to past directors amounted to R39 144 for the year (2001: R42 000).

28. RELATED PARTY TRANSACTIONS

Related party relationships exist between subsidiaries, joint ventures and associates within the group. Purchasing and selling transactions are concluded at arm's length.

28.1 Subsidiaries, joint ventures, associates

Details of investments in principal subsidiaries, joint ventures and associates are disclosed in notes 11, 12 and 13 respectively.

28.2 Shareholders

Details of the major shareholders of the company and a summary of the categories of shareholders are disclosed on page 83.

28.3 Interests of directors in contracts

All directors of the company have confirmed that they were not materially interested in any contract of significance with the company or any of its subsidiary companies which could have resulted in a conflict of interest during the year.

28.4 Shareholders and related interests of directors and officers in share capital

Details have been included in the statutory information on pages 50 to 51.

29. FOREIGN CURRENCY EXPOSURE

The group has entered into certain forward exchange contracts which do not relate to specific items appearing on the balance sheet but were entered into to cover foreign currency proceeds not yet receivable. The contracts will be utilised for purposes of trade during 2002.

	Group					
	2002			2001		
	Foreign currency million	**Average rate %**	**Amount in Rm**	Foreign currency million	Average rate %	Amount in Rm
Foreign currency sold						
US Dollars	**20.4**	**11.48**	**233.5**	12.0	8.16	97.9

Unhedged and uncovered foreign currency monetary items which are repayable within twelve months comprise:

	Group			
	2002		2001	
	Foreign currency million	**Amount in Rm**	Foreign currency million	Amount in Rm
Assets				
U S Dollars	**–**	**–**	11.0	88.2
Pound Sterling	**–**	**–**	4.4	50.3
Euro	**–**	**–**	1.2	8.5
Deutsche Mark	**–**	**–**	0.2	0.6
French Franc	**–**	**–**	0.5	0.5
Belgian Franc	**–**	**–**	7.5	1.3
		–		149.5
Liabilities				
U S Dollars	**0.1**	**1.5**	1.9	14.8
		1.5		14.8

30. FINANCIAL RISK MANAGEMENT

30.1 Treasury risk management

A treasury risk management committee, consisting of senior executives in the group, meets monthly to analyse currency and interest rate exposures and formulates treasury management strategies in light of prevailing market conditions and current economic forecasts. This committee operates within group policies approved by the board.

30.2 Currency risk management

In order to minimise the risk on a US Dollar denominated revolving credit facility, the company has entered into a three-year cross currency swap which fixes the exchange rate on the capital and swaps out the floating US Dollar LIBOR interest rate for a floating JIBAR rate.

30.3 Interest rate management

Taking cognisance of the seasonality of the group's cashflow and long term interest rate forecasts, the risk management committee positions the group's interest rate exposures according to expected movements in interest rates internationally as well as in the countries in which the group operates.

The interest rate profile at 31 March 2002 is as follows:

	Floating rate	1-6 months	7-12 months	Long term borrowings	Current portion long term borrowings	Total borrowings
Borrowings (Rm)	931.1	304.3	–	596.8	82.1	1 914.3
% total borrowings	49%	16%	0%	31%	4%	100%

In order to hedge the core element of debt financed by way of short term revolving credit facilities, the group has entered into the following interest rate derivitives:

	Borrowings hedged Rm	Interest rate capped %
Interest rate caps		
0 - 3 months	225.0	9.86
4 - 6 months	225.0	9.86
7 - 9 months	75.0	9.24

30.4 Credit risk management

Credit risk consists mainly of short term cash deposits and cash equivalent investments and trade debtors. The group only deposits short term cash with major banks of high quality credit standing and limits the amount of credit exposure to any one counter-party. Trade debtors comprise a widespread customer base, and group companies undertake ongoing credit evaluations of the financial condition of their customers. Where appropriate, credit guarantee insurance cover is purchased. At 31 March 2002, the group does not consider there to be any material credit risk that has not been insured or adequately provided for.

30.5 Liquidity risk management

The group treasury has access to the following local and foreign banking facilities at 31 March 2002:

	Rm
Local, fixed and flexible term, general banking facilities	3 351.0
Foreign, fixed and flexible term, general banking facilities	1 750.0
	5 101.0

In terms of a foreign syndicated revolving credit facility, the total consolidated net borrowings of the group are constrained to a percentage of the group's consolidated earnings before interest and taxation.

31. SEGMENTAL ANALYSIS

Geographical segmental analysis

Year to 31 March 2002

	Group				
	Revenue Rm	**Operating profit Rm**	**Total assets Rm**	**Capital expenditure Rm**	**Depreciation Rm**
South Africa	**2 938.9**	**314.9**	**1 402.6**	**152.9**	**132.0**
Malawi	**749.1**	**153.0**	**1 189.3**	**34.4**	**54.2**
Swaziland	**457.6**	**78.0**	**393.0**	**23.9**	**24.7**
Zambia	**704.2**	**160.0**	**565.2**	**39.7**	**39.5**
USA	**1 076.3**	**50.0**	**1 720.4**	**61.5**	**77.6**
Group operations	**–**	**–**	**235.8**	**–**	**–**
	5 926.1	**755.9**	**5 506.3**	**312.4**	**328.0**

Year to 31 March 2001

	Group				
	Revenue Rm	Operating profit Rm	Total assets Rm	Capital expenditure Rm	Depreciation Rm
South Africa	2 588.9	228.9	1 444.7	132.7	126.9
Malawi	642.8	178.7	759.9	64.3	47.1
Swaziland	457.0	109.2	398.0	13.5	22.5
Mauritius	296.5	45.2	731.2	13.1	15.8
USA	749.9	18.5	1 253.7	80.0	55.7
Group operations	–	–	315.9	–	–
	4 735.1	580.5	4 903.4	303.5	268.0

Business segmental analysis

	Group			
	2002		2001	
	Revenue Rm	**Operating profit Rm**	Revenue Rm	Operating profit Rm
Sugar production	**4 561.0**	**481.8**	3 423.9	339.1
Cane growing	**816.1**	**165.8**	754.7	132.1
Downstream	**549.0**	**108.3**	482.5	84.5
Hotels and other	**–**	**–**	74.0	24.8
	5 926.1	**755.9**	4 735.1	580.5

ANALYSIS OF SHAREHOLDERS

	Number of ordinary shares held	% of shares issued	Number of shareholders
An analysis of the certificated register of members as at 31 March 2002 revealed the following categories of membership:			
Individuals			
1 – 500	318 780		3 621
501 – 2 500	477 312		438
2 501 – 5 000	260 329		72
Over 5 000	868 462		56
	1 924 883	0.6	4 187
STRATE Control Account (dematerialised shares)	324 643 206	97.9	1
Banks and nominee companies	4 875 725	1.4	63
Other corporate bodies	267 187	0.1	166
	331 711 001	100.0	4 417

Major shareholders

Given the high proportion of shares which have been dematerialised, a further analysis of the sub-registers maintained by the Central Securities Depository Participants determined the following registered shareholdings equal to or exceeding 5% of the total issued shares in the company:

Nedcor Bank Nominees Limited	117 570 236	35.4
Standard Bank Nominees (Transvaal) (Pty) Limited	77 675 782	23.4
First National Nominees (Pty) Limited	40 390 395	12.2
Old Mutual Nominees (Pty) Limited	32 989 204	9.9
ABSA Nominees (Pty) Limited	28 341 637	8.5

Disclosures by nominee shareholders

Pursuant to the provisions of Section 140A of the Companies Act, 1973, the following beneficial shareholdings equal to or exceeding 5% of the total issued shares in the company have been determined from an analysis of the statutory disclosures submitted by the above nominee companies:

Allan Gray Limited	65 070 868	19.6
RMB Asset Management	64 908 423	19.6
Old Mutual Asset Management	54 129 070	16.3
Investec Asset Management	36 334 063	11.0

A further analysis of the holdings of these asset management companies revealed that the Public Investment Commissioner held, in aggregate, 61 480 032 shares (18.5%).

Shareholder spread

Non-public shareholders:		
Directors	898 380	
Trustees of the Illovo Sugar Employees' Share Purchase Trust	155 833	
	1 054 213	0.3
Public shareholders	330 656 788	99.7
	331 711 001	100.0

Notice is hereby given that the 87th annual general meeting of the members of the company will be held in the Boardroom, Illovo Sugar Park, 1 Montgomery Drive, Mount Edgecombe on Wednesday, 17 July 2002 at 14:30 to transact the following business -

1. Financial statements

To receive and adopt the annual financial statements for the year ended 31 March 2002.

2. Election of directors

2.1 To confirm the appointment of Mr M J Shaw who was appointed as a director since the previous annual general meeting.

2.2 To re-elect Messrs G J Clark, R L Hetzler, D G MacLeod, R A Norton and Dr D Konar who retire by rotation, in terms of the articles of association, and who, being eligible, offer themselves for re-election. The credentials of these directors are included on page 6 of this Annual Report.

3. Special business

3.1 Ordinary Resolutions

To consider and, if deemed fit, to pass with or without modification the following ordinary resolutions -

1. That the directors be and they are hereby authorised to allot and issue, at the offer price as defined in the Circular to shareholders dated 18 June 2002, such number of ordinary shares of the company as may be necessary to satisfy the shares requirement of those shareholders who hold less than 100 shares each and who elect to increase their holdings to 100 shares.
2. That the ordinary shares of the company not allotted nor issued at 17 July 2002 (but excluding the shares reserved for the purpose of the Illovo Sugar 1992 Share Option Scheme over which the directors have specific authority) be placed under the control of the directors who be and they are hereby authorised, subject to the provisions of Section 221 of the Companies Act, 1973, as amended, and the rules and requirements of the JSE Securities Exchange South Africa, to allot and issue those shares at their discretion on such terms and conditions as they deem fit.
3. That, the directors referred to below having been granted options on 7 June 2001 in terms of the Illovo Sugar 1992 Share Option Scheme, the company hereby approves, in terms of Section 222(1)(a) of the Companies Act, 1973, as amended, the allotment and issue to such directors of up to the number of ordinary shares set out against their respective names as and when they exercise their options in respect of those shares from time to time -

W M A Buchanan	40 000	D G MacLeod	250 000
G J Clark	90 000	A B Ravnö	40 000
N M Hawley	55 000	J T Russell	90 000
R L Hetzler	50 000	B M Stuart	90 000
G D Knox	40 000		

4. That the rules of the Illovo Sugar 1992 Share Option Scheme be and they are hereby amended by changing the aggregate number of unissued shares that may be reserved for the Scheme from a maximum of 21 760 000 to 33 000 000.
5. That the rules of the Illovo Sugar 1992 Share Option Scheme be and they are hereby amended by changing the maximum aggregate number of fully paid shares which any one employee or retired employee may acquire in terms of the Scheme from five percent of the total number of shares reserved for the Scheme to one percent of the total issued ordinary share capital of the company.
6. That unless otherwise determined by the company in general meeting, each director other than those in the full time service of the company be entitled to remuneration for his/her service as such at a basic rate of R70 000 per annum and that the remuneration herein determined shall be payable by the company quarterly in arrear with effect from 1 April 2002.

3.2 Special resolutions

To consider and, if deemed fit, to pass the following special resolutions -

Special Resolution No. 1

"RESOLVED THAT the Articles of Association of the company be and they are hereby amended by the insertion of the following new Article as Article 8A, and under the heading "ODD-LOT OFFERS", immediately after the existing Article 8 :

'8A The company may, in accordance with the rules and requirements of the JSE Securities Exchange South Africa, at any time and from time to time, make an odd-lot offer to members holding less than 100 shares, in terms of which the offeree members are given the right to elect to retain their shareholdings, or to purchase sufficient additional shares to increase their shareholdings to 100 shares, or to sell their shareholdings; and the odd-lot offer may provide that if any offeree member fails to exercise the right of election his shareholding will be compulsorily sold as if he had elected to sell his shareholding.' "

Reason for and effect of Special Resolution No. 1

The reason for Special Resolution No. 1 is that currently approximately 60% of the company's registered shareholders hold odd-lots of fewer than 100 shares. If these shareholders top-up their shareholdings to 100 shares or sell their shares, a substantial reduction in the company's costs of administration will result. The effect of Special Resolution No. 1 will be to amend the Articles of Association in such a way as to facilitate an odd-lot offer to the shareholders concerned in terms of which they will be given the right to elect to retain their shareholdings, or to top-up their shareholdings, or to sell their shareholdings and, if they fail to exercise the right of election, their shareholdings may be compulsorily sold.

Special Resolution No. 2

"RESOLVED THAT, subject to the provisions of the Companies Act, No. 61 of 1973, as amended, and the rules and requirements of the JSE Securities Exchange South Africa ("the JSE"), the directors be and they are hereby authorised, during the period from Tuesday, 18 June 2002 up to and including Wednesday, 31 July 2002, to approve the purchase by the company of its own shares pursuant to the odd-lot offer by the company to those shareholders who held in aggregate, fewer than 100 shares in the company at the close of business on Friday, 26 July 2002 and still held such shares on Friday, 2 August 2002;

provided that repurchases shall be made at a price equivalent to the volume weighted average traded price of the shares on the JSE over the five trading days ended Friday, 7 June 2002 plus a premium of five percent of such price."

Reason for and effect of Special Resolution No. 2

The reason for and effect of Special Resolution No. 2 will be that the directors, during the period Tuesday, 18 June 2002 up to and including Wednesday, 31 July 2002, will be entitled to approve the purchase by the company of its own shares, the subject of the odd-lot referred to in the content of the special resolution; provided that the special authority shall be valid until Friday, 2 August 2002; the repurchases will be made at a price equivalent to the volume weighted average traded price of the shares on the JSE over the five trading days ended Friday, 7 June 2002 plus a premium of five percent of such price; and shall be subject to the provisions of the Companies Act, No. 61 of 1973, as amended, and the rules and requirements of the JSE.

Special Resolution No. 3

"RESOLVED THAT the directors of the company be and they are hereby authorised by way of a general authority, up to and including the date of the following annual general meeting of the company, to approve the purchase by the company of its own shares;

subject to the provisions of the Companies Act, No. 61 of 1973, as amended, and the rules and requirements of the JSE Securities Exchange South Africa and/or any other recognised stock exchange on which the shares of the company may be listed from time to time, and subject to such other conditions as may be imposed by any other relevant authority, and provided that -

(i) the general authority shall only be valid until the next annual general meeting but in any event shall not extend beyond 15 months from the date of this resolution;

(ii) the general authority may be varied or revoked by special resolution at any general meeting of the company at any time prior to the next annual general meeting;

(iii) the general authority to repurchase be limited to a maximum of 10 percent of the company's issued share capital of that class at the date the transaction is agreed;

(iv) repurchases shall not be made at a price more than five percent above the weighted average of the market value for the securities for the five business days immediately preceding the date of the repurchases; and

(v) repurchase shall be implemented on the JSE ("open market")."

Reason for and effect of Special Resolution No. 3

The reason for and effect of Special Resolution No.3 will be that the directors will, up to and including the date of the following annual general meeting, be entitled to approve the purchase by the company of its own shares, provided that the general authority shall only be valid until the next annual general meeting but in any event shall not extend beyond 15 months from the date of this resolution; the general authority to repurchase shall be limited to a maximum of 10 percent of the company's issued share capital of that class at the date the transaction is agreed; the repurchases will not be made at a price more than five percent above the weighted average of the market value for the securities for the five business days immediately preceeding the date of the repurchases; and shall be subject to the provisions of the Companies Act, No. 61 of 1973, as amended, and the rules and requirements of any recognised stock exchange on which the shares of the company may be listed.

It is the intention of the directors that they may use such authority should the prevailing circumstances (including the tax dispensation and market conditions) in their opinion warrant it. As a prerequisite to the use of such authority, the directors will be of the opinion, after considering the effect of such acquisition of shares, that –

(i) the company will be able, in the ordinary course of business, to pay its debts;

(ii) the consolidated assets of the company, fairly valued in accordance with Generally Accepted Accounting Practice, will be in excess of the consolidated liabilities of the company;

(iii) the company will have adequate capital for purposes of its business and those of its subsidiaries for the foreseeable future; and

(iv) the working capital of the company will be adequate for the next year's operations.

4. Other business

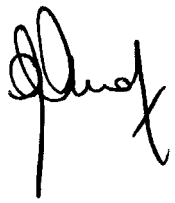
To transact such other business as may be transacted at an annual general meeting of members.

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote in his/her stead. The proxy need not be a member of the company.

Proxy forms should be forwarded to reach the transfer secretaries no later than 14:30 on Monday, 15 July 2002.

Shareowners who have dematerialised their shares and who wish to attend the annual general meeting, other than those whose shareholding is recorded in their own name in the sub-register maintained by their Central Securities Depository Participant (CSDP) or broker, must so inform their CSDP/broker and request such CSDP/broker to issue them with the necessary authorisation, in terms of their custody agreement with the CSDP/broker, to attend the meeting. Such shareowners who are unable or who do not intend attending the meeting, but who wish to be represented at the meeting, should provide their CSDP/broker with their voting instructions.

By order of the board.



G D Knox Durban
Secretary 21 May 2002

SHAREHOLDERS DIARY

Financial year end		March
Annual general meeting		July
Reports and profit statements		
Interim report		November
Profit statement for the year		May
Annual report and financial statements		June
Dividends		
Interim	Declaration	November
	Payment	January
Final	Declaration	May
	Payment	July

Shareholders are reminded to notify the transfer secretaries of any change in address.

FORM OF PROXY

for the 87th annual general meeting

Company Registration No. 1906/000622/06

I/We _____
(Name/s in block letters)

of _____
(address)

Number of votes

being the shareholder/member of the abovenamed company and entitled to

(1 share = 1 vote)

do hereby appoint

1. _____ of _____ or failing him/her

2. _____ of _____ or failing him/her

3. the chairman of the meeting

as my/our proxy to attend, speak and vote for me/us and on my/our behalf at the annual general meeting of the company to be held in the Boardroom, Illovo Sugar Park, 1 Montgomery Drive, Mount Edgecombe on Wednesday 17 July 2002 at 14:30 and at any adjournment thereof as follows -

Resolution No.	Agenda Item	Mark with X where applicable		
		For	Against	Abstain
1	Adoption of 2002 annual financial statements			
2.1	Confirmation of appointment of director			
2.2	Re-election of directors			
	Ordinary Resolutions			
1	Authority for issue of shares to odd-lot shareholders			
2	Placing unissued shares under the control of the directors			
3	Allotment and issue of option shares to directors			
4	Amendment (1) to the rules of the Illovo Sugar 1992 Share Option Scheme			
5	Amendment (2) to the rules of the Illovo Sugar 1992 Share Option Scheme			
6	Determination of directors' remuneration			
	Special Resolutions			
1	Amendment to the Articles of Association			
2	Authority for the repurchase of shares from odd-lot shareholders			
3	General authority for the repurchase of shares			

Signed at _____ on this _____ day of _____ 2002

Signature _____

Assisted by me (where applicable) (see note 4) _____

Full name/s of signatory/ies if signing in a representative capacity (see note 5)

_____

NB Please refer to the notes on the reverse of this Form of Proxy

NOTES TO THE FORM OF PROXY

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the company.
2. This proxy form is not for completion by those shareholders who have dematerialised their shares (other than those whose shareholding is recorded in their own name in the sub-register maintained by their Central Securities Depository Participant (CSDP) or broker).
   Such shareowners should provide their CSDP / broker with their voting instructions.
3. If this proxy form is returned without any indication as to how the proxy should vote, the proxy will be entitled to vote or abstain from voting as he/she thinks fit.
4. A minor must be assisted by his/her guardian.
5. The authority of a person signing a proxy in a representative capacity must be attached to the proxy unless that authority has already been recorded by the company.
6. In order to be effective, proxy forms must reach the transfer secretaries
   (P O Box 1053, Johannesburg, 2000) no later than 14:30 on Monday, 15 July 2002.
7. The delivery of the duly completed proxy form shall not preclude any member or his/her duly authorised representative from attending the meeting, speaking and voting instead of such duly appointed proxy.
8. If two or more proxies attend the meeting, then that person attending the meeting whose name appears first on the proxy form, and whose name is not deleted, shall be regarded as the validly appointed proxy.