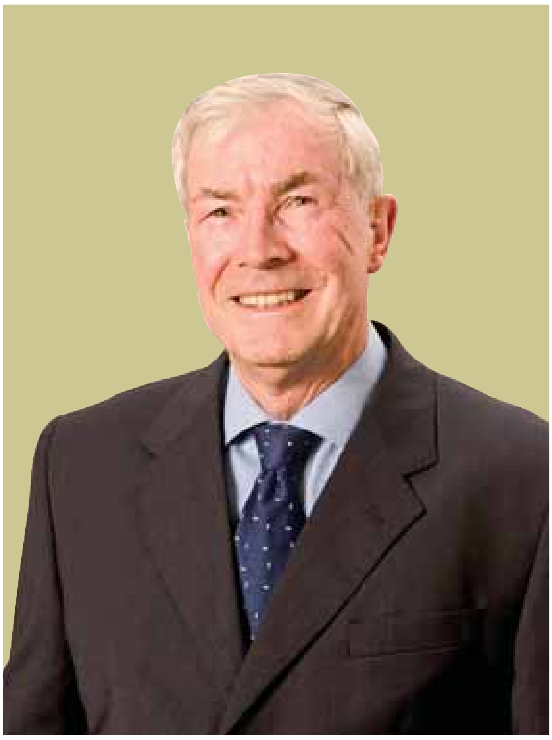
CHAIRMAN'S STATEMENT



Robbie Williams

Group results for the past year were sharply down compared to the previous year with headline earnings of R142.8 million representing a 40% decrease. Headline earnings per share of 42.6 cents represent a 40% decrease.

Group operating profits, which declined by 44%, were severely impacted by the continuing strong rand in respect of both sugar and downstream exports and the translation of foreign profits. The strength of the local currencies compared to the US dollar in the operations outside South Africa also reduced profits in those local currencies. In addition, lower sugar production and related downstream production in South Africa had a negative effect.

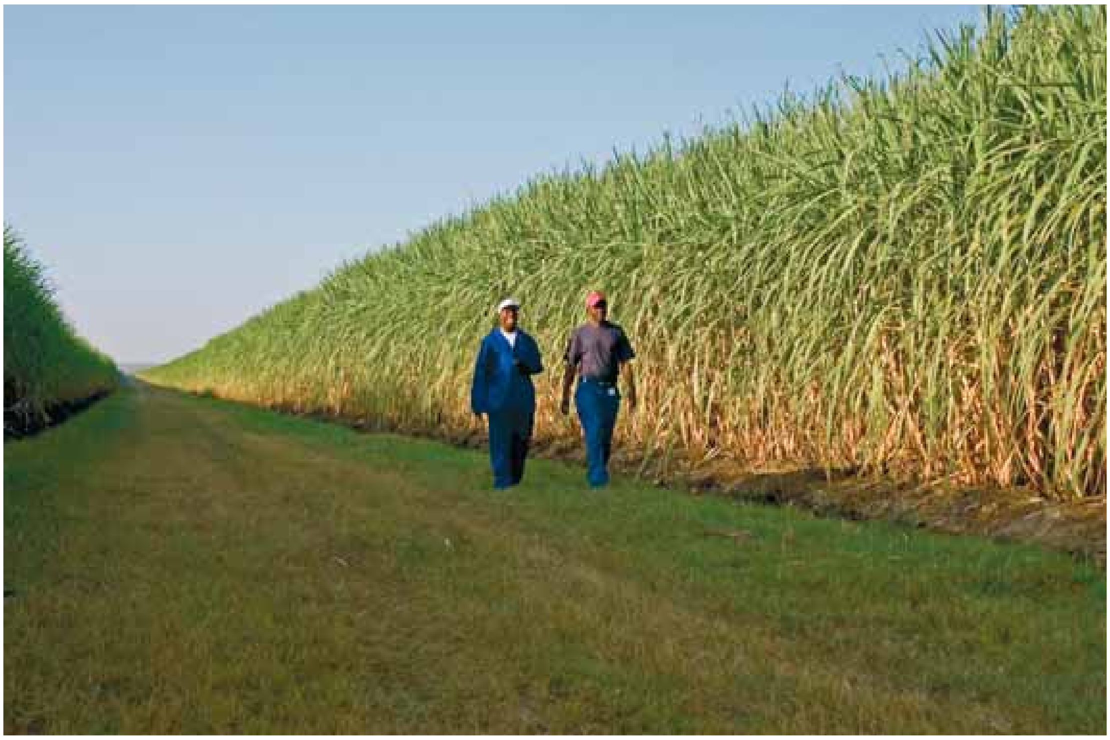
The contributions made to operating profit were sugar production 68%, cane growing 16% and downstream 16%, and by country were South Africa 13%, Malawi 34%, Zambia 38%, Swaziland 5%, Tanzania 17%, Mozambique (1)% and the United States (6)%.

Group borrowings of R794.7 million reflected a material decrease of R571.6 million, whilst gearing of 49% shows a significant improvement compared to the previous year.

Group sugar and cane production of 1.78 million tons and 5.3 million tons respectively was much lower than that of last year partly as a result of the sale of the Gledhow sugar mill and cane estates and the sale of the Monitor sugar factory, and partly due to adverse weather conditions experienced in South Africa. At the other cane estates of the group, growing conditions were reasonable with good cane and sucrose yields resulting in sugar production being similar to that achieved in the 2003/04 season. On the production side the sugar and downstream plants performed well and numerous performance related records were attained. In addition, the ethyl alcohol operation achieved record output.

The group is focused on being the leading, lowest-cost sugar and downstream products operation in Africa. Benchmarking techniques to measure and implement best practice methods as well as in-house technical expertise are used to optimise returns from existing installed capacity. Training and employee development are a key priority in building competitiveness. The National Occupational Safety Association's systems are used to ensure that the group's safety, health and environmental standards are at a high level. The ISO quality system accreditation by all factory and field operations is continuing, with most operations having now achieved certification.

Within the South African operations a number of actions were taken in the year under review to improve long term profitability. The factory and field operations together with centralised services were restructured. The company's outbound distribution operations were outsourced to Barloworld Logistics and following the sale of the Gledhow and Umfolozi operations, the refining and packing operations of the company have been consolidated at two mills. These actions will result in meaningful cost savings to the group.



In 2004/05 Illovo produced 1.78 million tons of sugar and 5.3 million tons of cane.

During the past year, both the Gledhow sugar factory and cane growing estates, and the Umfolozi sugar factory were sold to Black economic empowerment companies.
In addition, the Monitor Sugar operation in the United States was sold prior to the beginning of the new sugar campaign.
A further BEE farm sale was made during the year. The proceeds from the disposal of these assets were utilised to reduce debt. It is worth noting that overall group borrowings have been reduced by around R2 billion over the past three years through internal cash generation and the sale of assets.

The group is conscious of the need to progress Black economic empowerment in South Africa and has adopted an integrated approach which encompasses meaningful and sustainable participation of Black people at all operations of the company, and promotes participation of Black people and communities in the sugar business.

The company's employment equity and localisation programmes are being closely monitored and whilst good progress has been made, further progress at senior management levels is required. Extensive resources are invested in various human resource development and skills upliftment programmes across the group. A formal company policy is in place to promote preferential procurement and outsourcing to Black enterprises and service providers.

The programme for the sale of Illovo cane farms to Black farmers, which commenced in the 1996/97 financial year, has resulted in the percentage of company cane land which has now been made available to Black people rising to 50.1%.

The company has structures to assist both small and medium-scale growers with their farming activities through the provision of a range of services designed around improving the efficiency of their operations. The sale of the Gledhow and Umfolozi sugar operations to BEE companies provides direct and meaningful BEE participation in the South African sugar milling industry. The company will continue to provide management support to both these operations for the next four years.

Illovo has an active social investment programme in each of the countries in which it operates, structured to meet the specific needs of the local communities.

The world sugar price continues to be volatile. The past season saw a welcome upward adjustment with the nearby futures price rising from just over US7.0 cents/lb in March 2004 to over US9.0 cents/lb in March 2005. The world sugar production deficit for 2004/05 is currently estimated to be 3.5 million tons. The most significant factors causing the deficit after a long period of surpluses have been the change by India from being a net exporter to a net importer and material decreases in production in Thailand and Cuba. Deliberate expansion for the world market continues to be undertaken by Brazil, but pressure on production costs - in recent times the world sugar price has been below the production costs of most sugar producing countries - has resulted in the contraction or maintenance of production levels in many sugar producing countries. In addition, there is considerable focus on the production of alcohol from cane, particularly with regard to current oil price forecasts. The presence of hedge funds in the market leads to significant volatility, but overall the physical sugar market may be starting to improve.

The domestic sugar markets are very important to the group and it is pleasing that domestic sales of sugar in almost all countries of operation have shown improvement. Various marketing and distribution initiatives to promote sugar offtake were undertaken during the year. Governments in most countries where the group operates have responded positively to stem the flow of illegal imports. This is vitally important to both the group and the rural economies of the region.

World trade negotiations continue and the group is monitoring the impact of these on its sugar markets. In particular, the access tonnages and prices earned for sugar in the European Union are important to the group. The group's access in the past year aggregated 183 000 tons. Increased access for Least Developed Countries (LDC's) at remunerative prices would improve expansion opportunities for many of the group's operations and local growers. The EU sugar reform process has been protracted and the recent ruling of the World Trade Organisation that several million tons of subsidised sugar exports are illegal could impact negatively on price proposals and future increased access to developing countries. It is anticipated that legislative proposals will be tabled during June 2005 with finalisation expected by the end of November 2005. The company is actively participating in the EU lobbying process and providing technical input to the LDC and African, Caribbean and Pacific (ACP) country members involved in the discussions.

Illovo's position as the leading sugar and downstream operation in Africa was again recognised at the most recent South African Global Company Awards where it received the NEPAD award for the South African company which had most successfully expanded into Africa. In addition, Illovo was judged as South Africa's 7th most global company.

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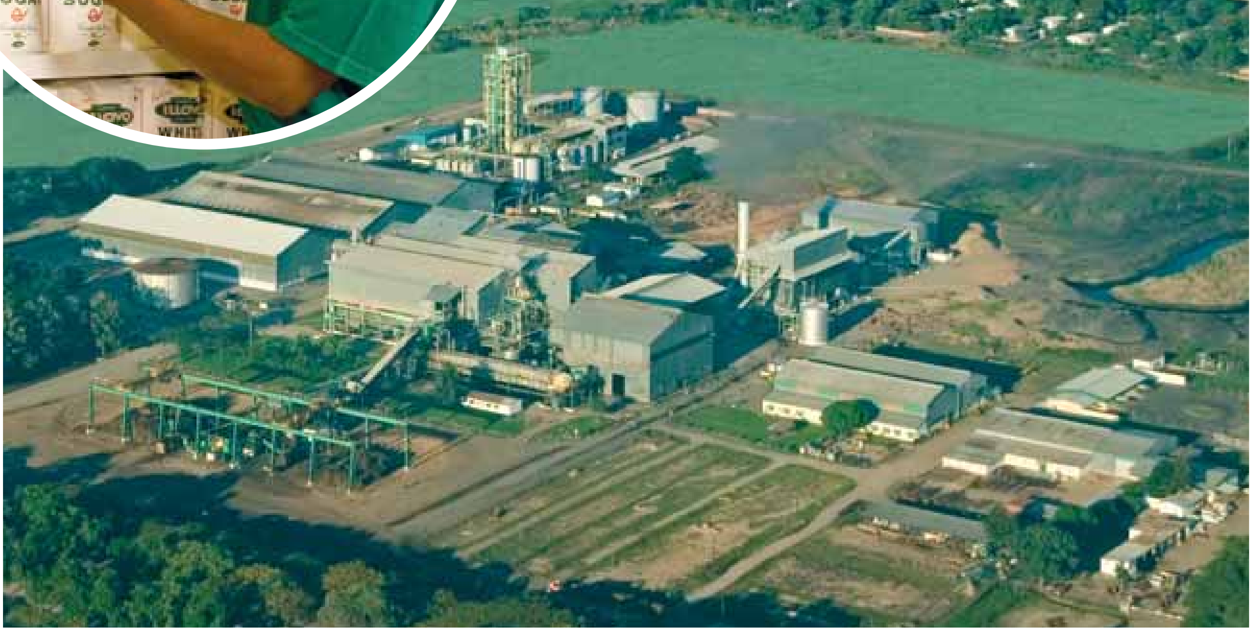

The group is focused on being the leading, lowest-cost sugar and downstream products operation in Africa.

The expansion potential in Illovo's existing factory and field operations is significant and, in addition, the group is investigating opportunities for power generation from cane and molasses. New investments in Africa are also being pursued, although progress has been slow as it is necessary to assess both the economic and political risks and opportunities of such ventures.

DIRECTORATE

Messrs P M Madi and A R Mpungwe have been appointed as members of the Remuneration / Nomination Committee and the Risk Management Committee respectively.

OUTLOOK

The results for the forthcoming year will be considerably impacted by the level of the rand compared to other currencies, particularly the US dollar. Cane and downstream production is anticipated to exceed the levels achieved in the previous year whilst sugar production is expected to be slightly higher than last year, despite the sale of Umfolozi.

World sugar prices have recovered from previous low levels and notwithstanding the decline in prices from their recent highs, world and regional market sales should earn better prices on average than those attained in the past year. Real growth in earnings is anticipated at current exchange rates.

APPRECIATION

On behalf of the Board I would like to thank all the people of Illovo for their efforts and contributions in what has been a particularly difficult year. The group has clear strategies for future growth, and the year ahead has many opportunities and challenges for all involved.

R A Williams
Chairman

Mount Edgecombe
20 May 2005

At the most recent South African Global Company Awards, Illovo was presented with the NEPAD award for the second year in succession and was ranked as South Africa's 7th most global company.