Tiger Wheels Ltd

ANNUAL REPORT 2003

Nature of business

Tiger Wheels Limited ("Tiwheel"), which is listed on the JSE Securities Exchange South Africa, comprises a group of companies focused on the automotive aluminium wheel and passenger car tyre industries. The group operates internationally, with wheel manufacturing plants in Germany, Poland, South Africa and the USA, wholesale wheel distribution throughout Europe and South Africa, and tyre distribution in the United Kingdom and South Africa.

The group's 35 Tiger Wheel & Tyre retail stores in Southern Africa (27 owned and 8 franchised) cover all major centres and hold a significant share of the replacement passenger tyre and wheel business in the region.

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Salient features

for the year ended 30 June 2003

Revenue ▲ **17%**

Operating income ▲ **45%**

Headline earnings per share ▲ **30%**

Highlights

	2003	2002 (Restated)	%
	(Rm)	(Rm)	change
Revenue	2 952,5	2 530,9	17
Operating income	219,1	151,1	45
Attributable earnings	114,9	81,7	41
Headline earnings	128,4	98,3	31

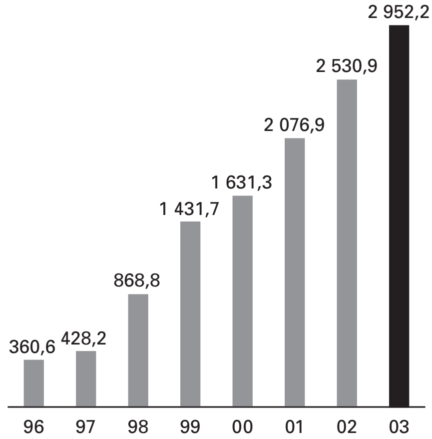
Performance per share

	2003	2002 (Restated)	%
	(cents)	(cents)	change
Attributable earnings per share	**192,6**	137,5	40
Headline earnings per share	**215,2**	165,4	30
Dividend per share	**50,0**	36,0	39
Net tangible asset value per share	**1 075**	1 114	(4)

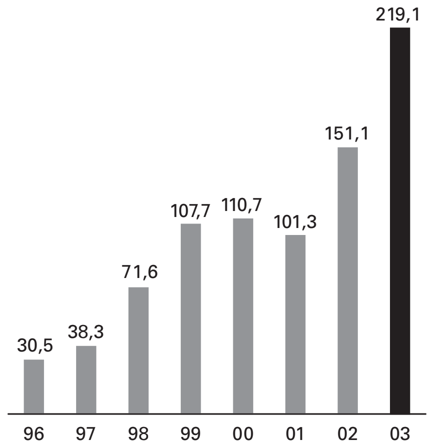
Financial ratios

	2003	2002 (Restated)
	(%)	(%)
Return on equity	**20**	15
Return on assets	**8**	5
Operating margin	**7**	6

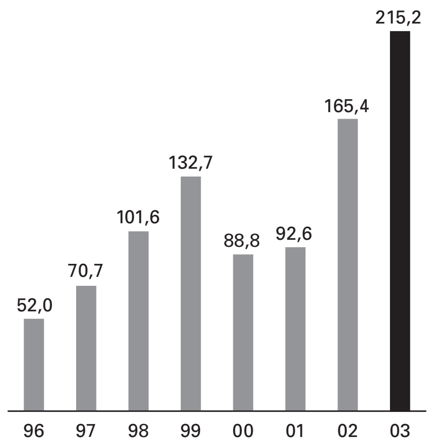
Revenue (Rm)



Operating income (Rm)



Headline earnings per share (cents)



Business structure

as at 30 June 2003

Tiger Wheels Limited

	ATS group*	Other international	South Africa
Manufacturing	**Stahlschmidt & Maiworm GmbH** Germany (74%) *Aluminium wheel manufacturer* **Stahlschmidt & Maiworm Sp. Z.o.o.** Poland (74%) *Aluminium wheel manufacturer* **Stahlschmidt & Maiworm USA Inc.** United States (74%) *Aluminium wheel manufacturer*		**TSW Manufacturing (Pty) Limited** *Aluminium wheel manufacturer*
Wholesale	**Alustar Wheels Trading GmbH** Germany (74%) *Wholesaler of ATS, WSL and Alustar wheels* **ATS Leichtmetalräder GmbH & Co. KG** Germany (74%) *Wholesaler of ATS racing wheels* **Alustar Polska Sp. Z.o.o.** Poland (74%) *Wholesaler of ATS, WSL and Alustar wheels* **TSW Alustar Scandinavia** Sweden (74%) *Wholesaler of all group wheels*	**TSW GmbH** Germany (70%) *Wholesaler of TSW wheels and Velocity tyres* **TSW Belgium n.v.** Belgium (95%) *Wholesaler of TSW wheels and Velocity tyres* **Yokohama HPT Limited **** United Kingdom (37,7%) *Associated wholesale distributor of TSW wheels in the UK and in Europe and Yokohama tyres in the UK* **Tiger Wheel & Tyre Limited** United Kingdom *Wholesaler of wheels and tyres*	**Yokohama Southern Africa (Pty) Limited** *Yokohama tyre distributor in the truck, bus, earthmoving, high performance and low end passenger car tyre markets* **Velocity division** *Private brand tyre distribution*
Retail			**Tiger Wheel & Tyre (Pty) Limited** *Retailer of wheels and tyres through 35 retail stores countrywide (including 8 franchised)*
Other	**Tiger Wheels GmbH** Germany *Investment holding company* **ATS Beteiligungsgesellschaft mbH** Germany (74%) *Investment holding company* **Stahlschmidt & Maiworm Technics GmbH** Germany (74%) *Technology, research and development*	**Taunus Limited** Guernsey *Investment company* **Tiger Wheel & Tyre Limited** United Kingdom *Investment holding company*	**Basfour 2006 (Pty) Limited **** (33%) *Associated property holding company*

All companies are 100% owned unless otherwise indicated.

* Throughout this report reference to ATS includes all the companies and businesses in which Tiger Wheels GmbH directly or indirectly has a shareholding and which are managed by the ATS management team.

** Equity accounted

Directorate

EXECUTIVE DIRECTORS

Edward Ivor Keizan (59) ❂ ◆
Joint chairman and chief executive officer
Appointed to the board on 29 December 1972
31 years of service

After serving accounting articles and doing half a CA at Wits University, Eddie entered the motor component business in various sales positions. He bought into Tiger Wheels (with prize money from winning a motor sport championship in 1972) when it was a very small business and has been the CEO and driving force since then. He also attended the Owners' and Presidents' Management Programme at Harvard Business School from 1987 to 1990. Previously Eddie was a racing car driver having competed in various forms of motor sport from saloon cars to Formula 1 and the winner of many championships from 1969 – 1979. Eddie has held a private pilot's licence for 26 years.

Keith William Rivers (56) ❂
Chief executive officer – retail and SA wholesale
Appointed to the board on 1 April 1982
27 years of service

After starting off as a salesman in the motorcycle division in 1977, Keith was appointed to the board in 1982 as an executive director representing motorcycle products. In 1984 he took over the responsibility of the wholesale wheel and tyre distribution and in 1986 was appointed managing director of Tiger Wheels Natal (Pty) Limited. He initiated the development of the Tiger Wheel & Tyre concept. In 1987 Keith was appointed managing director of Tiger Wheel & Tyre (Pty) Limited, being responsible for expanding the Tiger Wheel & Tyre network. In 2000 he was appointed chairman of Tiger Wheel & Tyre (Pty) Limited and Yokohama Southern Africa (Pty) Limited, which positions he currently holds.

Siegfried Franz Teichert (60) # ❂
Chief executive officer – ATS
Appointed to the board on 12 May 1998
15 years of service

After qualifying as a banker, Siegfried worked for IBM and then joined Arthur Andersen in 1969 as a consultant. In 1979, he joined Montblanc/Dunhill (a Rembrandt group company) initially as managing director, but from 1980 – 1983 he focused his responsibilities as managing director – manufacturing. In 1983, Siegfried became CEO of Dupli Color, where he was responsible for European production and their trading organisation. He joined Lippert GmbH in 1985 as CEO. In 1986, he returned to Arthur Andersen as a partner, where he was actively involved as a member of the worldwide Steering Group of Productivity Improvement Projects and headed the manufacturing consulting group of the German business. Since 1988, Siegfried has been chairman of the ATS group worldwide, the position which he currently holds.

Jozua Johannes Georg Loots (40) ❂
BCom, BCompt Hons, CA(SA), SEP
Financial director
Appointed to the board on 15 May 2001
7 years of service

After qualifying as a CA in 1987, Josh joined the family's construction and property development business in 1990. In 1996 he joined Tiger Wheel & Tyre (Pty) Limited as franchise and development manager. In 1997 he was promoted to operations director and in 2000 to managing director. In May 2001, Josh moved out of retail to corporate head office with his appointment as group financial director. Currently a candidate in CFA Level 3.

NON-EXECUTIVE DIRECTOR

Martin Barry Glatt (57) ◆ +
BCom, MBL
Joint chairman
Appointed to the board on 3 July 1987
16 years of service

Martin has had broad experience in a number of operating businesses culminating in a career of executive or non-executive directorships in more than 10 public listed companies. As a non-executive director Martin's brief is to focus and balance the growth and development of the group from a strategic, corporate and financial perspective rather than operational. Martin's responsibilities also include communicating with analysts, stockbrokers and investors as well as maintaining high levels of corporate governance. Other business directorships include chairmanship of a listed South African bank, Sasfin Holdings Limited.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ian Michael Groves (58) + ❂
CA(SA)
Appointed to the board on 14 March 2003
3 months of service

After qualifying as a CA in 1968, Michael spent a short time in the financial service sector whereafter he pursued a career in the shipping industry. From 1980 to 1999 he worked for the Grindrod Group, initially as an executive/managing director of Unicorn Lines (Pty) Limited and then as managing director of Grindrod Limited from 1986 when the company was listed on the JSE Securities Exchange SA. He is currently also a non-executive director of Grindrod Limited, Marriott Holdings Limited, Marriott Merchant bank Limited, Marriott Property Fund Managers (Pty) Limited, Foodcorp Holdings (Pty) Limited and Value Group Limited.

Rainer Hagemann (65) # + ◆
MBA
Appointed to the board on 1 October 2000
3 years of service

His professional career began in 1967 when he joined AT Kearney Inc., management consultants in Chicago. He later moved to the Dusseldorf subsidiary where he was promoted to Principal in 1992. During the period 1978 – 1996 he joined BMW AG in Munich in a senior management position. He occupied several positions during his stay with BMW AG, which culminated in him being assigned to South Africa to hold the position of managing director of BMW SA. He retired at the end of August 1996. Although retired he still serves as senior advisor to AT Kearney in SA. He has been an honorary treasurer of SACOB since 1996.

German
\+ Member of audit committee
◆ Member of remuneration committee
❂ Member of risk committee

Analysis of shareholders

as at 30 June 2003

	Number of shareholders	%	Holdings	%
Range of shareholdings				
1 – 1 000 shares	1 006	60,60	323 705	0,53
1 001 – 5 000 shares	414	24,94	883 693	1,46
5 001 – 10 000 shares	67	4,04	475 456	0,78
10 001 – 50 000 shares	90	5,42	2 021 147	3,33
50 001 – 100 000 shares	25	1,51	1 738 320	2,87
100 001 – 500 000 shares	41	2,47	9 736 828	16,06
500 001 – And more shares	17	1,02	45 464 537	74,97
	1 660	**100,00**	**60 643 686**	**100,00**
Type of shareholders				
Individuals	1 247	75,12	3 464 383	5,71
Companies	154	9,28	17 312 669	28,55
Nominee and trust companies	165	9,94	20 405 483	33,65
Investment companies	94	5,66	19 461 151	32,09
	1 660	**100,00**	**60 643 686**	**100,00**
Non-public and public shareholders				
Non-public shareholders				
1. Group directors	9	0,54	3 326 477	5,49
2. Associates of group directors	14	0,85	18 666 851	30,77
3. Trustees of the company's share trust and retirement funding schemes	1	0,06	4 713	0,01
4. Shareholders who, by virtue of an agreement, have a right to nominate board members	–	–	–	–
5. Shareholders interested in 10% or more of the issued ordinary shares	1	0,06	12 517 796	20,64
6. Group employee trust – unallocated shares	1	0,06	71 690	0,12
7. Treasury shares	1	0,06	1 228 393	2,03
Total non-public shareholders	27	1,63	35 815 920	59,06
Public shareholders	1 633	98,37	24 827 766	40,94
	1 660	**100,00**	**60 643 686**	**100,00**
Shareholders above 5%				
Old Mutual Life Assurance Company SA Limited			12 517 796	20,64
E I Keizan			11 042 957	18,21
Public Investment Commissioner (SA)			3 857 228	6,36
Sanlam			3 194 945	5,27
			30 612 926	**50,48**

Chairmen's review

Introduction

In view of the various "Cautionary Announcements" that have been issued by our company since 7 August 2003 and especially the "Further Cautionary Announcement" published on 27 October 2003 (a copy of which appears below this Chairmen's review), we have decided it would be prudent to only re-publish the comments contained in the "Audited Group Results" issued on 3 September 2003.

Should the proposed transaction be concluded, its details will be published in a comprehensive announcement and a "Circular to Shareholders" immediately thereafter.

Results

Tiger Wheels Limited ("Tiwheel") achieved a 30% increase in headline earnings per share and a 17% rise in revenue for the year to 30 June 2003 compared with the previous year. Earnings attributable to ordinary shareholders were up from R81,7 million to R114,9 million. The results are particularly pleasing, as they represent a higher margin on sales.

Volatility of currencies continues to mask the true performance of the business – to the extent that, in the year under review, currency movements reduced group operating income by R31,2 million. Start-up losses of R14 million at the new wheel plant in the USA have also affected operating income, while interest has been burdened by a once-off cost of R17 million incurred in restructuring the Babelegi and other property obligations.

In spite of capex of R339 million (net of a disposal of R30 million) during the year, the balance sheet is sound and group positive cash flow from operations reflects a pleasing R382 million. Group gearing shows a major improvement – especially if cash is set off against debt – with a net debt equity ratio of 41% at year-end, compared with 51% a year earlier. Capex for the current year is budgeted at R191 million.

The group's equity has been reduced by R98 million as a result of a net foreign currency translation adjustment due to the strong Rand at year-end.

General comments

The greater portion of the group's revenue is derived from sales of aluminium wheels to international car manufacturers ("OEM's"). In the face of a volatile and tough economy internationally, the group has maintained a full order book and, in some instances, was under pressure to meet demand. During the year, the group also achieved its various expansion plans as previously announced and budgeted for. These are commented on in more detail below.

The ATS group (which is 74% owned by Tiwheel) showed an increase in revenue, profits and return on sales. Much of this success was achieved through expansion of the Polish plant and further optimisation of the German plant.

The new aluminium wheel manufacturing plant currently being commissioned in Alabama, USA, is scheduled to start initial production in a few weeks.

The ATS aftermarket businesses have been shrunk and now comprise only 5% of ATS' revenues.

The 100% owned TSW Manufacturing (Pty) Limited ("TSWM") (Babelegi), again had a steady year, successfully focusing on product quality improvement, tight asset management, and greater all round business efficiency. As a result, a 29% increase in revenue was achieved.

The South African wholesale business, Yokohama Southern Africa (Pty) Limited ("YSA"), improved in both sales and profitability. These results were reduced for the purpose of segmental reporting by the poor results of Tiwheel's German TSW wholesale wheel distribution business, for which a write-off has been made at year-end for the probable losses on its closure.

Although impacted by the ultra competitive state of the tyre market, as well as an element of price deflation, the South African Tiger Wheel & Tyre retail business was in line with budget – producing excellent results, albeit not quite as good as the previous year. Three additional stores were opened.

Future prospects

The ATS group is budgeting for a further increase in sales and profits derived from the German and Polish plants. Although the prospects of the new USA plant are positive, it is not expected to show a profit in its first year because of start-up losses. The ATS aftermarket businesses are forecasting a small profit based on further reduced turnover.

TSWM is budgeting for a modest increase in sales but profits should be somewhat lower because of the impact on the business of the current Rand exchange rate, which has forced management to focus even more sharply on productivity improvements, efficiencies and margins. It is disturbing that some South African authorities contend that the Rand is not strong enough and yet they expect an export led economy with further new investment and employment.

The Tiger Wheel & Tyre retail group, which plans to open an additional three new stores, expects greater sales and profitability, whilst YSA is budgeting for a slight increase in revenue and income.

Notwithstanding the full order book in all group operations, forecasting future earnings is hazardous given international uncertainty, the general world economic slowdown and, especially, currency volatility. If the strength of the Rand endures, profit increases in the current year will only be moderate.

Appreciation

All that remains is for us to express our genuine appreciation to all the members of the group for having given of their talent and commitment in achieving these outstanding results, especially considering the volatile and at times, turbulent business environment we are in. Our thanks also go to our group's suppliers of both goods and services, without whose support these results are impossible to achieve. Lastly and most importantly, to our many customers all over the world whom it has been a privilege to serve, we thank you for giving our business the purpose for which it exists.

Eddie Keizan
Joint chairman and chief executive officer

Martin Glatt
Joint chairman

Midrand
31 October 2003

Tiger Wheels Ltd.

(Incorporated in the Republic of South Africa)
(Registration number 1970/011662/07)
Share code: TIW ISIN: ZAE000007407
("Tiwheel" or "the company")

FURTHER CAUTIONARY ANNOUNCEMENT

Shareholders are referred to the company's interim profit statement which was published on 3 March 2003, the Cautionary Announcement of 7 August 2003 and the audited group results for the year ended June 2003 which were published on 3 September 2003.

The company is presently in negotiations for the disposal of its OEM wheel manufacturing businesses, being 100% of TSW Manufacturing (Pty) Limited and 74% of the ATS Group. The consideration would be cash, most of which would be paid to shareholders as soon as practically possible. Taking into account the current strengthened Rand exchange rate and relatively low international share prices, at the current Tiwheel share price shareholders' expectations should not be unrealistic.

Shareholders are therefore advised to continue to exercise caution when dealing in their Tiwheel shares pending a more definitive announcement in due course.

Midrand

27 October 2003

Sponsor

sasfin
CORPORATE FINANCE
A Division of Sasfin Bank Limited

Legal advisor

Fluxmans
ATTORNEYS
Website: www.fluxmans.com
Fluxmans Inc. Registration No: 2000/024775/21

Financial highlights

for the year ended 30 June

	2003	2002	2001	2000	1999	1998	1997	1996
		(Restated)	(Restated)					
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
Operations								
Revenue	**2 952,5**	2 530,9	2 076,9	1 631,3	1 431,7	868,8	428,2	360,6
Operating income	**219,1**	151,1	101,3	110,7	107,7	71,6	38,3	30,5
Attributable earnings	**114,9**	81,7	50,6	32,8	62,3	51,0	32,5	21,7
Headline earnings	**128,4**	98,3	53,9	50,0	72,8	51,0	32,5	21,7
Financial position								
Non-current assets	**799**	783	609	541	461	240	94	50
Current assets	**989**	1 119	803	664	508	545	195	180
Total assets	**1 788**	1 902	1 412	1 205	969	785	289	230
Capital and reserves	**643**	673	486	411	366	279	160	130
Minority interest	**93**	79	62	57	47	39	–	–
Interest-bearing debt	**368**	425	320	244	195	161	23	24
Interest-free liabilities	**684**	725	544	493	361	306	106	76
Total equity and liabilities	**1 788**	1 902	1 412	1 205	969	785	289	230
Ratios – solvency and liquidity								
Gearing ratio (%)	**50**	56	58	52	47	51	14	18
Interest cover (times)	**4,2**	3,5	3,6	4,1	16,3	26,4	–	9,7
Current ratio (times)	**1,3**	1,3	1,1	1,2	1,2	1,7	2,0	2,5
Productivity								
Number of employees	**2 680**	2 412	2 635	2 473	2 474	2 215	1 674	1 563
Revenue per employee (Rm)	**1,10**	1,05	0,79	0,66	0,58	0,39	0,26	0,23
Operating income per employee (Rm)	**0,08**	0,06	0,04	0,04	0,04	0,03	0,02	0,02

The approximate Rand cost of a unit of the following currencies at 30 June was:

At year end								
USD	**7,35**	10,31	7,97	6,73	5,93	5,70	4,50	4,33
GBP	**12,12**	15,79	11,13	10,18	9,35	9,46	7,50	6,71
EURO (DEM pre 1998)	**8,44**	10,23	6,67	6,71	6,08	3,09	2,60	2,84
ZLOTY (Polish)	**1,89**	2,56	2,01	1,55	1,54	1,70	1,39	1,59
Average for the year								
USD	**8,74**	9,97	7,53					
GBP	**13,82**	14,37	10,80					
EURO	**9,11**	8,95	6,63					
ZLOTY (Polish)	**2,18**	2,42	1,79					

Share data

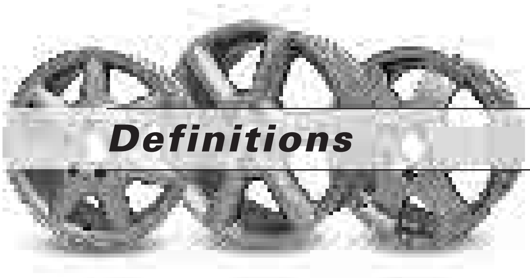
for the year ended 30 June

	2003	2002 (Restated)	2001 (Restated)	2000	1999	1998	1997	1996
Number of ordinary shares issued (m)	**60,6***	59,9	58,6	56,8	55,9	53,9	46,6	45,5
Shares issued – weighted average (m)	**59,6**	59,4	58,2	56,5	54,8	50,2	45,9	41,7
Attributable earnings per share (cents)	**192,6**	137,5	86,9	58,1	113,6	101,6	70,7	52,0
Headline earnings per share (cents)	**215,2**	165,4	92,6	88,5	132,7	101,6	70,7	52,0
Headline earnings yield at year-end (%)	**16,5**	12,0	7,7	6,2	4,1	2,9	3,4	3,7
Dividend per share (cents)	**50,0**	36,0	36,0	24,0	56,0	40,0	28,0	21,0
Dividend yield at year-end (%)	**3,8**	2,6	3,0	1,7	1,7	1,1	1,3	1,5
Dividend cover (times)	**3,9**	3,8	2,4	2,5	2,1	2,5	2,5	2,5
Net tangible asset value per share (cents)	**1 075**	1 114	823	724	654	519	342	285
Market price per ordinary share (R)								
– at year-end	**13,06**	13,80	12,10	14,20	32,50	35,00	21,00	14,20
– highest	**15,99**	18,00	14,50	33,05	40,00	36,00	21,00	14,20
– lowest	**10,50**	10,80	7,65	11,05	20,00	20,00	13,60	6,50
Shares traded								
– Number of ordinary shares traded (m)	**12,7**	15,8	24,0	21,8	6,2	7,1	3,3	5,2
– Number of transactions ('000)	**1,7**	1,9	4,0	6,2	1,5	2,7	1,5	1,2
– Value of ordinary shares traded (Rm)	**170**	217	263	472	173	359	156	64
– % of issued ordinary shares traded	**21,0**	26,4	41,0	38,4	11,1	13,2	7,1	11,4
Market capitalisation at year-end (Rm)	**792**	826	709	806	1 817	1 886	979	646
Price/earnings ratio at year-end (times)	**6,1**	8,3	13,1	15,8	23,4	34,4	29,7	27,3
Tiger Wheels Limited share price index								
(base: 1993 = 100)	**1 306**	1 380	1 210	1 420	3 250	3 500	2 100	1 420
JSE Actuaries Index								
All share (base: 1993 = 100)	**204**	261	226	189	173	166	182	169
Industrial (base: 1993 = 100)	**129**	164	155	183	161	171	187	174
Transport (base: 1993 = 100)	**–**	–	113	96	100	149	113	144
Automobile & Parts								
(base: 2002 = 100)	**118**	100	–	–	–	–	–	–

Notes:

1. The share price at 1 October 2001 for the purpose of Capital Gains Tax ("CGT") was R11.00.
2. For the dividend awarded in respect of the year ended 30 June 2001 and paid on 15 October 2001, the base cost for CGT purposes was nil.
3. For the dividend awarded in respect of the year ended 30 June 2002 and paid on 28 October 2002, the base cost for CGT purposes was R13,24.

* Actual number of shares in issue.



Definitions

for the year ended 30 June

Attributable earnings per share
Attributable earnings divided by the weighted average number of shares in issue for the year.

Current ratio
Number of times current liabilities are covered by current assets.

Dividend cover
Number of times divided per share is covered by attributable earnings per share.

Dividend policy
No interim dividends declared. A dividend of 50 cents per share (2002: 36 cents) has been declared for the year under review.

Dividend yield at year-end
Dividend per share as a percentage of the year-end share price.

Gearing ratio
Interest-bearing debt as a percentage of total shareholders' funds (including capital and reserves and minority interest).

Headline earnings per share
Headline earnings divided by the weighted average number of shares in issue for the year.

Headline earnings yield
Headline earnings per share as a percentage of the year-end share price.

Interest cover
Number of times interest is covered by operating income.

Market capitalisation
Share price at year-end multiplied by the number of ordinary shares issued.

Net tangible asset value per share
Capital and reserves (excluding goodwill) divided by the total number of ordinary shares issued (net of treasury shares).

Operating margin
Operating income expressed as a percentage of turnover.

Price/earnings ratio
Share price at year-end divided by headline earnings per share.

Return on assets
Profit after tax before associates and minorities as a percentage of total assets.

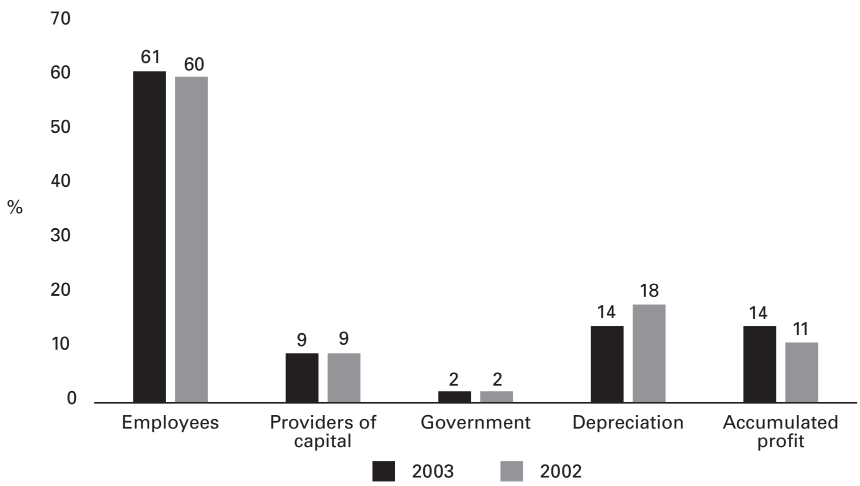
Return on equity
Headline earnings as a percentage of capital and reserves at year-end.

Distribution of wealth

A measure of the wealth created by the group is the amount of value added by its diverse businesses to the cost of raw materials, products and services purchased.

This statement shows the total wealth created and how it was distributed, taking into account the amount retained and reinvested in the group for the replacement of assets and development of operations and staff.

	2003 R'000	2003 %	2002 (Restated) R'000	2002 %
Revenue	**2 952 523**		2 530 994	
Paid to suppliers for materials and services	**(2 103 648)**		(1 788 822)	
Wealth created by trading operations	**848 875**		742 172	
Interest income	**832**		2 274	
(Loss)/income from associates	**(272)**		91	
Total wealth created	**849 435**		744 537	
Wealth utilised as follows:				
Employees	**516 687**	**61**	449 208	60
Providers of capital	**75 037**	**9**	68 021	9
Interest on borrowings	**53 488**	**6**	45 714	6
Capitalisation award and dividends	**21 549**	**3**	22 307	3
Government *	**19 517**	**2**	16 009	2
Reinvested in the group to maintain and develop operations	**238 194**	**28**	211 299	29
Depreciation	**123 288**	**14**	129 571	18
Accumulated profit	**114 906**	**14**	81 728	11
Total wealth distributed	**849 435**	**100**	744 537	100



• Wealth distributed to government comprises normal income tax and secondary tax on companies and excludes employee taxes, VAT, customs and excise duties.

Corporate governance

The Tiwheel board aspires to the values of good corporate governance. The board is of the opinion that the group complies substantially, in all material respects, with the principles incorporated in the Code of Corporate Practices and Conduct, as set out in the second King Report and the JSE Securities Exchange South Africa ("JSE") Listings Requirements. In so doing, the directors recognise the need to conduct the enterprise with integrity and in accordance with generally acceptable corporate practices. This is entrenched in the group's established systems of internal control and procedures and policies governing corporate conduct.

Chairmen and board of directors

The board is ultimately accountable and responsible for the performance and affairs of the group.

The Tiwheel board charter, has the following key features:

- Determination of the strategy required to enable the group to achieve its purpose and to implement its values;
- Determination of policy and procedures and levels of materiality to ensure the integrity of the group's risk management and internal controls;
- Monitoring of operational performance and management;
- Director selection and succession planning;
- Assessing conflict of interest and independence;
- Establishing sub-committees to assist the board;
- Presentation of a balanced and understandable assessment of the group's position in reporting to stakeholders, through regular and effective communication; and
- Commitment to the principles of fairness, accountability, responsibility and transparency and to the enhancement of shareholder value in the long term, taking into account the wider interests of society.

The board comprises three non-executive directors and four executive directors. The role of the chairman is jointly shared between Martin Glatt, who is a non-executive director, and Eddie Keizan, the chief executive officer. The directors consider that it is in the company's best interest that Eddie Keizan, the founder of the company and a holder of a significant stake in the company, fulfil both the joint chairman role and the CEO role. The Code recognises the legitimacy of this practice in circumstances such as this. However, the directors are aware that in terms of the revised JSE Listings Requirements, the role of chairman and CEO should be separated with effect from 1 January 2004.

In addition to Martin Glatt, as a non-executive director, Rainer Hagemann and Michael Groves are independent non-executive directors who are of sufficient calibre and seniority for their views to carry significant weight in the board's decisions. They contribute an independent view to matters under consideration and add to the breadth and depth of experience of the board. They receive neither share options nor significant benefits, other than their directors' fees and occasional fees for consulting. All board members are required to disclose their shareholdings in Tiwheel and all interests in contracts.

Directors have no fixed term of appointment, but one third retire by rotation every year, and, if available, are considered for re-appointment at the annual general meeting. There are no long service contracts for any of the directors. Details of remuneration fees and other benefits earned by directors in the past year, are disclosed in note 13 to the annual financial statements.

Board meetings are held at least quarterly, with additional meetings called where circumstances necessitate. Effective chairmanship and a formal agenda, raising issues that require attention, ensure that proceedings are conducted efficiently and all appropriate matters addressed. The board retains full and effective control over the group and monitors executive management.

In the case of ATS, the group exercises its rights through the ATS shareholders' committee. The South African standards of corporate governance remain misaligned with those of Europe and particularly for Tiwheel, Germany and Poland, making it complex to implement the board charter throughout the ATS group.

All directors have unlimited access to the advice and services of the group company secretary, who is responsible to the board for ensuring that procedures and applicable statutes and regulations are complied with.

Going forward the board will be formally assessing the group's risks on a bi-annual basis. The board will also be formally evaluating the sub-committees, as well as the individual directors, chairmen and CEO.

The board has established committees in which the non-executives play an active role and which operate within the defined terms of reference laid down by the board.

Board sub-committees

Audit committee

Members: Rainer Hagemann (chairman), Michael Groves, Martin Glatt

The committee comprises the two independent non-executive directors. Martin Glatt, the non-executive joint chairman, has been co-opted onto the committee, with the committee chairman having a veto right.

The financial director and other executives may, at the discretion of the chairman of the committee, be invited to attend and be heard. No attendee has voting rights.

The committee meets at least three times a year and meets periodically with the external auditors, internal auditors and Tiwheel's executive management to review accounting, auditing and financial reporting matters to ensure that an effective control environment is maintained in the group.

The committee identifies and continuously evaluates exposure to significant risks, reviews the appropriateness and adequacy of the systems of internal and operational controls,

The committee also reviews accounting policies and financial information issued to the public and liaises with both the external and internal auditors, who have free access to this committee.

It is a function of the committee to ensure that the external auditors observe the highest level of business and professional ethics and, in particular, that their independence is not impaired in any way.

Prior to a full time internal audit function at ATS being implemented, the committee independently commissioned Ernst & Young in Germany to perform an internal audit review. No material issues were raised by Ernst & Young and the committee was satisfied with the outcome of the review.

The committee will in the future liaise with the risk committee and assist the board in reviewing the risk management.

The board has determined that the audit committee has discharged its responsibilities for the year under review in compliance with its terms of reference.

Remuneration committee

Members: Martin Glatt (chairman), Rainer Hagemann, Eddie Keizan

The committee currently comprises one non-executive director, one independent non-executive director and the CEO. After due consideration at the board meeting on 1 September 2003, it was resolved that Eddie Keizan as the CEO be appointed onto the remuneration committee. However, he will not be involved in decisions regarding his own remuneration.

The committee meets at least once a year, and from time to time remuneration changes are circulated to the members for their approval.

The remuneration philosophy of the group is to ensure that the employees are rewarded for their contribution to the group's operating and financial performance at levels which take account of industry, market and country benchmarks. Remuneration is set at realistic levels in order to attract and retain the directors and executives needed to run the group successfully.

The committee is responsible for the development and determination of the company's general policy on executive and senior management remuneration packages.

The committee also gives consideration to the composition of the board and makes appropriate recommendations in this regard to the board.

The board has determined that the remuneration committee has discharged its responsibilities for the year under review in compliance with its terms of reference.

Risk committee

Members: Josh Loots (chairman), Eddie Keizan, Keith Rivers, Michael Groves, Siegfried Teichert.

The committee currently comprises one independent non-executive director and four executive directors. In keeping with good corporate governance principles, Michael Groves as an independent non-executive director was appointed to the committee at the board meeting on 1 September 2003.

Although King II recommends that an independent non-executive director be the chairman of the committee, the board is of the opinion that Josh Loots, as the group financial director, has a better and more in-depth knowledge and understanding of the risks facing the group.

The committee meets at least once a year. Certain senior management have been co-opted onto the committee, but can not vote at the meeting.

The board of directors is responsible for managing the group's risks and opportunities, establishing appropriate policies and communicating these throughout the company in the interests of all stakeholders. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. Management is involved in a continuous process of developing and enhancing its comprehensive risk and control procedures to improve the mechanisms for identifying and monitoring risks. These risks encompass such areas as client markets, skills and people risks, technology, competitors, corporate reputation, compliance with regulation and legislation, professional liability and the general operating, financial and treasury risks.

Operational and financial risks are managed through detailed systems of operating and financial controls which are reviewed and monitored continuously. Exposure to currency and interest rate risk is managed on a decentralised basis. Regular meetings are held between senior executives of the various operations and the executive directors to identify and manage risk areas.

In consultation with external insurance experts, risks are assessed and insurance cover purchased for all identifiable and quantifiable risks with predetermined self-insured limits. Levels of cover are assessed annually and adjusted according to the circumstances.

More emphasis needs to be placed on formal risk management within the ATS group. As alluded to previously, Germany and Poland have different corporate governance norms and continued gentle persuasion is necessary to convincingly realign the risk mindsets of our European counterparts. The committee is not aware of any material issues within the ATS group, but encourages a deeper level of participation, added contribution and formal risk assessments and frameworks.

The board has determined that the risk committee has discharged its responsibilities for the year under review in compliance with its terms of reference.

Internal controls and internal audit

Internal controls comprise methods and procedures adopted by management to assist in achieving the objectives of safeguarding assets, preventing and detecting error and fraud, ensuring the accuracy and completeness of accounting records and preparing reliable financial statements.

The internal audit department serves management and the board of directors by performing independent evaluations of the adequacy and effectiveness of group companies' controls, financial reporting mechanisms and records, information systems and operations. The head of internal audit has the responsibility of reporting to the audit committee and has unrestricted access to its chairperson.

Audit plans are drawn up annually and take account of changing business needs. Follow-up audits are planned in areas where weaknesses are found. Internal audit plans are based on risk assessment as well as on issues highlighted by the audit committee and management and are of an ongoing nature so as to identify not only residual or existing, but also emerging risks.

The audit committee approves the internal audit plan.

An internal audit charter defining the function, responsibility and authority of the group internal audit activity has been adopted by the audit committee and approved by the board.

External audit

The external auditors provide an independent assessment of systems of internal financial control and express an independent opinion on the annual financial statements. The external auditors complement the work of the internal audit department and review all internal audit reports on a regular basis. The external audit function offers reasonable, but not absolute assurance on the accuracy of financial disclosures.

The group requires the external auditors to carry out their work with due regard for the findings and work of the internal audit function.

Going concern

The annual financial statements have been prepared on the going concern basis since the directors, after due deliberation at the last board meeting, have every reason to believe that the group have adequate resources in place to continue in operation for the foreseeable future.

Corporate code of conduct

All employees are required to maintain the highest ethical standards in ensuring that the group's business practices are conducted in a manner which in all reasonable circumstances is above reproach.

Employment equity

Tiwheel supports employment equity in the work place which seeks to identify, develop and reward each employee who demonstrates the qualities of individual initiative, enterprise, hard work and loyalty in their job.

The group is committed to providing equal opportunities for its employees regardless of their ethnic origin or gender. Affirmative action strategies are in place to ensure that employee profiles will be more representative of the demographics in which the group conducts its business activities.

Code of ethics

Tiwheel and all its divisions are committed to a policy of fair dealing and integrity in the conduct of their business. This commitment, which is actively endorsed by the board of directors, is based on a fundamental belief that business should be conducted honestly, fairly and legally. All employees are expected to share its commitment to high moral, ethical and legal standards. Key aspects of the code:

- Employees must comply with all applicable laws and regulations which relate to their activities for and on behalf of Tiwheel.
- Employees are expected to perform their duties conscientiously, honestly and in accordance with the best interest of Tiwheel to optimise business objectives.
- Tiwheel is committed to taking every reasonable precaution to ensure a safe work environment for all employees.
- Tiwheel's books and records should reflect all business transactions in an accurate and timely manner.
- Tiwheel strives to achieve complete, accurate and timely communications with all parties with whom it conducts business, as well as government authorities and the public. In addition, prompt and effective internal communication is encouraged.
- Information necessary for Tiwheel's business should be reliable, accurate and its confidentiality maintained.

HIV/AIDS

Tiwheel addresses the human tragedy that is being caused by the HIV/AIDS epidemic both internally and externally. The main objective of our internal HIV/AIDS programme is to minimise its impact on the group.

It is the policy of the group to provide a safe working environment for all its employees. The group's policy not only promotes the well-being and safety of the affected individual, but also that of fellow employees and customers.

Group policy with regard to HIV/AIDS specifically entails:

- Infected persons will be permitted to continue their duties as long as they are capable of doing so, with reasonable accommodation;
- Prospective/current employees will not be tested for HIV/AIDS without their prior consent;
- An employee with HIV/AIDS is under no obligation to disclose his/her condition;
- Particulars of employees confirmed to have AIDS or be HIV positive will be dealt with in strict confidence;
- Fellow employees and health care personnel must take appropriate action when coming into physical contact with employees involved in workplace injuries;
- An approach of zero tolerance has been adopted towards any form of harassment and discrimination;
- Information and education programmes on HIV/AIDS are made available to all employees to ensure an awareness and understanding of the risks associated with HIV/AIDS;
- Condoms are made readily available and accessible;
- Appropriate support and counselling services are made available for employees and family members.
- The group will identify reputable organisations which employees can approach to have themselves tested for HIV/AIDS if they so desire;
- Health services are provided for the treatment of sexually transmitted diseases and opportunistic diseases.
- The group entered into partnerships with other organisations aimed at seeking to minimise the spread of the HIV/AIDS epidemic within the employee base, their families and other members of the community.

Insider trading

No employee may deal, directly or indirectly, in the company's shares on the basis of unpublished price-sensitive information regarding the business or affairs of the company. Closed trading periods extend from the end of the interim and year-end dates to the announcement of the financial results and during cautionary periods.

Report of attendance of meetings

	Board	Audit	Remuneration	Risk
Total number of meetings	6	4	1	1
J M P Desmidt *[1]	1	2	1	
M B Glatt	6	4	1	
I M Groves*[2]	3	1		
R Hagemann	6	4	1	
E I Keizan	6			1
J J G Loots	6			1
K W Rivers	6			1
S F Teichert	5			

Directors' interest in shares

	Beneficial		Non-beneficial		
	Direct	**Indirect**	**Direct**	**Indirect**	**Total**
30 June 2003					
E I Keizan	**2 758 523**	**8 284 434**	**–**	**–**	**11 042 957**
M B Glatt	**–**	**–**	**–**	**8 601 507**	**8 601 507**
K W Rivers	**–**	**–**	**120 000**	**570 706**	**690 706**
	2 758 523	**8 284 434**	**120 000**	**9 172 213**	**20 335 170**
30 June 2002			–		
E I Keizan	2 758 523	8 065 692	–	–	10 824 215
M B Glatt	–	–	–	8 446 537	8 446 537
K W Rivers	–	–	–	690 706	690 706
	2 758 523	8 065 692		9 137 243	19 961 458

The company has not been notified of any change of these interests between 1 July 2003 and the date of this report.

*[1] Resigned during the year

*[2] Appointed during the year

Social report

Our members, the employees and officers of the group, are expected to act in furtherance of the Tiger Wheels human rights mission statement, which is set out below:

- We believe that the success and vitality of our group lies with the contentment of our members.
- We believe in the fundamental principles of human rights.
- We believe in equality and freedom from discrimination in the workplace.
- We believe in open communication and freedom of expression in the workplace.
- We believe in equal opportunity for all members and we are committed to the training and development of all members.
- We encourage participation in planning at all levels of the group.

We believe that the recognition of these basic principles will create a work environment where all members can together break down mistrust and misunderstandings and improve relationships between people at all levels of the group.

Group social activities

The group is committed to social upliftment and has made contributions to Business Against Crime over the last number of years. The joint chairman, M B Glatt, is actively involved in Business Against Crime.

Health

TSW Manufacturing (Pty) Limited is involved with the Moretele Sunrise Hospice in Themba. This is a community service that helps support HIV/AIDS patients.

Education

During the year under review the group became involved in the JSE/Liberty schools challenge, which is aimed at introducing South African high school learners to economic and commercial dynamics. Targeting grades 10 and 11 the challenge coaches learners in the fundamentals of investment strategy, and encourages them to research and strategise around the trading of JSE listed company shares.

Participating school teams test their share trading skills through an ongoing annual "ghost trading" programme in which their performance is tracked and measured in a race against other teams. Teams start the trading process with a fixed notional amount in March 2003 and progress through to the end of September 2003. The challenge finally culminates in an awards ceremony in October 2003 to honour the winning teams and their schools.

The name of the school we have adopted is Equinisweni, which is situated in Ivory Park, near Tembisa. The Adopt A School programme has contributed to the upliftment of social and educational standards throughout South Africa.

General

The South African retail operations have a continuous involvement in charitable drives throughout South Africa in the communities where they are located.

Report on safety, health and environment

Management

The Tiger Wheels group and all its employees endeavour to align with local legislation and international best practices in safety, health and environmental issues. TSW Manufacturing (Pty) Limited conforms to QS ISO 9000, VDA 6 and has obtained ISO 14001 certification. This integrates environmental understanding and control into other systems and procedures under the direction of the senior management with the support of all employees, suppliers and contractors.

The South African operations (both retail and manufacturing) comply with the requirements as specified in the Occupational Health and Safety Act. The German operations enjoy full compliance in respect of ISO 9000, VSA 6 and DIN ISO 14001 as well as the regulations stipulated by the Water Resources Management Act in Germany. Polish operations comply with ISO 9000, VDA 6 and are striving to obtain ISO 14001 certification.

Safety, health and environmental matters are addressed on the highest levels and the formulation of policy, setting standards, monitoring compliance and reporting on compliance are in line with the accepted corporate norms. Policies were drawn up to align it with international best practices. Safety, health and environmental aspects monitored were incident analysis, medical surveillance, hazardous goods and an occupational health and safety risk assessment.

Safety

Safety meetings are held at regular intervals, which complies with the Occupational Health and Safety Act requirements. Meetings are minuted and action is taken on any non-conforming issues. The managing directors sign off these action plans.

Safety representatives complete a monthly inspection report that is discussed with the relevant departmental manager.

Occupational health

TSW Manufacturing (Pty) Limited provides an occupational health service whereby a registered occupational health nurse is in attendance at the clinic on the company's premises on a full time basis and an occupational health qualified medical practitioner attends the clinic on a weekly basis. This complies with legislation regarding occupational health and safety.

The clinic addresses primary health, occupational and preventative care.

Environment

The group endeavours to comply with all applicable environmental laws, regulations and standards of the jurisdiction in which it operates.

To achieve this objective the companies undertake to:

- Evaluate environmental risks associated with their activities and products and to take appropriate action to minimise potential risks
- Seek continuing improvement through the setting and reviewing of objectives and targets
- Compliance with national and provincial legislation
- Provide environmental awareness training and development, and
- Conduct regular reviews and audits.

The involvement of all employees and external interested affected parties in our environmental policy is encouraged through effective communication procedures.

Group annual financial statements

for the year ended 30 June 2003

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Approval of the annual financial statements

The annual financial statements set out in this report have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice and are based on appropriate accounting policies, which are supported by reasonable and prudent judgements and estimates.

The directors of the company are responsible for the preparation of the annual financial statements and related financial information to fairly present the state of affairs and the results of the company and the group.

Management fulfils its responsibilities by maintaining adequate accounting records to ensure the integrity of the financial statements. This is accomplished by systems of internal controls designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements. Such controls provide assurance that the group's assets are safeguarded, that transactions are executed in accordance with management's authorisations and that the financial records are reliable.

The financial statements have been prepared on the going concern basis, since the directors have every reason to believe that the company and the group have adequate resources in place to continue in operation for the foreseeable future.

The annual financial statements for the year ended 30 June 2003 which appear on pages 24 to 54 were approved by the board and are signed on its behalf by:

E I Keizan
Joint chairman

J J G Loots
Financial director

Midrand
31 October 2003

Company secretary's certificate

In terms of Section 268G(d) of the Companies Act, I certify that, to the best of my knowledge, 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, and that all such returns are true, correct and up to date.

D Cousins
Company secretary

Midrand
31 October 2003

Auditors' report

Report of the independent auditors to the members of Tiger Wheels Limited

We have audited the annual financial statements and group annual financial statements of Tiger Wheels Limited, set out on pages 24 to 54 for the year ended 30 June 2003. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with Statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

– examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;

– assessing the accounting principles used and significant estimates made by management; and

– evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

Audit opinion

In our opinion, the financial statements fairly present, in all material aspects, the financial position of the company and the group at 30 June 2003, 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.

Fisher Hoffman PKF

Fisher Hoffman PKF (Jhb) Inc.
Registration number 1994/001166/21
Chartered Accountants (SA)
Registered Accountants and Auditors

Johannesburg
31 October 2003

Directors' report

The members

Your directors have pleasure in submitting their report for the year ended 30 June 2003.

Nature of business

The group's principal activities remain the manufacture of aluminium alloy wheels and the distribution of aluminium wheels and tyres.

Share capital

Shareholders who elected to decline the 30 June 2002 cash dividend of 36 cents per share paid in October 2002, received 622 661 shares at a ratio of 2,712 shares for every 100 held.

Shares were issued to The Tiger Wheels Limited Employees Share Trust (2000) as follows:

- September 2002, 38 825 shares and
- December 2002, 100 000 shares.

Review of results

The results of the business operations of the company and its subsidiaries during the year and the state of their affairs are set out in the attached financial statements and do not, in our opinion, require any further comment or elucidation. Commentary on significant matters is contained in the report of the chairmen.

Share schemes

Tiger Wheels Limited Group Employee Trust

As at 30 June 2003 the Tiger Wheels Limited Group Employee Trust held 210 940 (2002: 1 510 143) Tiwheel shares. 139 250 (2002: 281 750) of these shares are allocated to employees and the balance of 71 690 (2002: 1 228 393) shares remain unallocated, under the control of the trustees. In terms of a special resolution dated 21 November 2002, Tiger Wheel & Tyre (Pty) Limited, a wholly owned subsidiary, acquired 1 228 393 shares from the trust. No director has any interest in the allocated shares.

The Tiger Wheels Limited Employees Share Trust (2000)

This trust was approved by shareholders on 19 February 2001.

Reconciliation of options granted

	Number of options	
	2003	2002
Balance at beginning of year	**3 086 983**	3 157 533
Options granted	**–**	40 000
Options exercised	**(78 625)**	(86 750)
Options forfeited	**(394 700)**	(23 800)
Balance at end of year	**2 613 658**	3 086 983

3 157 533 options were granted in the financial year ended 30 June 2001 at R7,80 per share and expire on 20 June 2011. 40 000 options were granted in the financial year ended 30 June 2002 at R12,80 per share and expire on 28 February 2012.

Options may only be exercised as follows: 25% after the first anniversary from the option date, another 25% after the third anniversary, a further 25% after the fifth anniversary and the final 25% after the seventh anniversary.

Of the 2 613 658 (2002: 3 086 983) options, 529 683 (2002: 696 683) options are currently exercisable by employees.

Capitalisation award and dividends

In respect of the year ended 30 June 2002, a cash dividend of 36 cents per share was awarded to shareholders recorded in the register of the company on Friday, 25 October 2002. However, shareholders were entitled to convert the cash dividend in respect of all or part of their shareholding, into capitalisation shares. Shareholders owning 38% of the issued share capital elected to receive capitalisation shares, resulting in 622 661 capitalisation shares being listed in October 2002 (2,712 shares for every 100 shares held). Shareholders owning 62% of the issued share capital, by default, received a cash dividend of R13 306 143 in total.

An annual dividend of 50 cents per ordinary share for the year to 30 June 2003, was paid to shareholders recorded in the register of the company on Friday, 26 September 2003. Shareholders were advised that the last day to trade "CUM" the dividend was Thursday, 18 September 2003. The shares traded "EX" the dividend as from Friday, 19 September 2003 and the record date was Friday, 26 September 2003. Share certificates were not dematerialised or rematerialised during the period Friday, 19 September 2003, to Friday, 26 September 2003, both days inclusive. Payment was made on Monday, 29 September 2003.

Directorate

The directors of the company who held office throughout the year were Messrs E I Keizan, M B Glatt, K W Rivers, S F Teichert (German), R Hagemann (German) and J J G Loots.

Mr J M P Desmidt resigned from the board and all sub-committees on 21 November 2002. Mr I M Groves was appointed to the board on 14 March 2003.

In terms of the articles of association, Messrs R Hagemann, I M Groves and M B Glatt retire at the forthcoming annual general meeting and being eligible, offer themselves for re-election.

Secretary

The company secretary is Mrs Diane Cousins. Her business address is cnr. Old Pretoria Road and K101, Midrand 1685 and the postal address is P O Box 6007, Halfway House 1685, South Africa.

Subsidiary companies

Details of the interest in subsidiary companies are set out in note 2 to the annual financial statements.

Post balance sheet events

During the financial year ended 30 June 2003, the group acquired an additional 4,7% interest in Yokohama HPT Limited ("YHPT") from other shareholders at a nominal amount.

For strategic reasons the group increased its shareholding in YHPT by a further 13,10%, to bring the total interest to 50,8% at a cost of £266 546, with effect from 1 July 2003. Consequently, YHPT will no longer be an associate and will be consolidated for the financial year ending 30 June 2004.

Special resolutions

A full list of special resolutions passed by the company and its subsidiaries during the year will be made available to shareholders on request.

Management by a third party

None of the businesses of the company or that of any of its subsidiaries was managed under contract by a third party during the year.

Litigation statement

The directors are not aware of any legal or arbitration proceedings, including any proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 months, a material effect on the group's financial position.

Balance sheets

as at 30 June 2003

		Group		Company	
		2003	2002 (Restated)	**2003**	2002
	Notes	**R'000**	R'000	**R'000**	R'000
Assets					
Non-current assets		**799 145**	782 902	**345 554**	323 369
Property, plant and equipment	1	**774 447**	718 872	**–**	–
Goodwill	4	**4 528**	6 059	**–**	–
Investment in subsidiaries	2	**–**	–	**335 381**	323 369
Investment in associates	3	**6 333**	4 555	**–**	–
Deferred taxation	12	**2 405**	–	**–**	–
Financial assets	5	**11 432**	53 416	**10 173**	–
Current assets		**988 863**	1 118 966	**450**	–
Inventories	6	**424 565**	460 449	**–**	–
Trade and other receivables		**494 851**	578 095	**450**	–
Bank and cash balances		**69 447**	41 526	**–**	–
Taxation		**–**	38 896	**–**	–
Total assets		**1 788 008**	1 901 868	**346 004**	323 369
Equity and liabilities					
Capital and reserves		**643 286**	673 305	**346 004**	323 369
Share capital and premium	7	**272 347**	283 278	**292 602**	283 278
Non-distributable reserves	8	**45 628**	158 345	**2**	2
Accumulated profit		**325 311**	231 682	**53 400**	40 089
Minority interest		**92 952**	79 066	**–**	-
Total shareholders' funds		**736 238**	752 371	**346 004**	323 369
Interest-bearing debt		**367 657**	424 725	**–**	-
Long-term debt	9	**259 744**	282 952	**–**	-
Current portion of long-term debt	9	**85 014**	115 337	**–**	-
Short-term borrowings	10	**22 899**	26 436	**–**	-
Interest-free liabilities		**684 113**	724 772	**–**	-
Trade and other payables	11	**674 566**	698 557	**–**	-
Current taxation		**9 547**	20 316	**–**	-
Deferred taxation	12	**–**	5 899	**–**	-
Total equity and liabilities		**1 788 008**	1 901 868	**346 004**	323 369

Income statements

for the year ended 30 June 2003

	Notes	Group 2003 R'000	Group 2002 (Restated) R'000	Company 2003 R'000	Company 2002 R'000
Revenue		**2 952 523**	2 530 994	**–**	–
Cost of sales		**(2 381 896)**	(2 045 535)	**–**	–
Gross profit		**570 627**	485 459	**–**	–
Other operating income		**58 439**	53 090	**197**	–
Selling and distribution costs		**(82 485)**	(83 103)	**–**	–
Administrative and other expenses		**(327 517)**	(304 311)	**(197)**	–
Operating income		**219 064**	151 135	**–**	–
Investment income		**–**	–	**36 708**	9 634
Net financing costs		**(52 656)**	(43 440)	**–**	–
(Loss)/income from associates	3	**(272)**	91	**–**	–
Profit before taxation	13	**166 136**	107 786	**36 708**	9 634
Taxation	14	**(15 072)**	(8 282)	**(1 848)**	–
Profit after taxation		**151 064**	99 504	**34 860**	9 634
Minority interest		**(36 158)**	(17 776)	**–**	–
Earnings attributable to ordinary shareholders		**114 906**	81 728	**34 860**	9 634

	Group 2003 R'000	Group 2002 (Restated) R'000
Reconciliation of headline earnings		
Earnings attributable to ordinary shareholders	**114 906**	81 728
Adjusted for :		
– Sale of investments	**(2 806)**	–
– Goodwill amortised (net of minority interest)	**(1 220)**	1 771
– Write-down of investments/loans	**6 598**	14 813
– Impairment of fixed assets	**10 901**	
Headline earnings	**128 379**	98 312
Ordinary shares ('000)		
– In issue [*1]	**59 416**	59 882
– Used in calculating earnings per share [*1]	**59 648**	59 438
– Used in calculating diluted earnings per share	**69 486**	70 654
Earnings per share (cents)		
– Attributable	**192,6**	137,5
– Headline	**215,2**	165,4
Diluted earnings per share (cents)		
– Attributable	**217,6**	142,9
– Headline	**236,8**	166,4
Dividend per share (cents)	**50,0**	36,0

[*1] : Reflected net of treasury shares

Statements of changes in equity

for the year ended 30 June 2003

		Group		Company	
		2003	2002 (Restated)	**2003**	2002
	Notes	**R'000**	R'000	**R'000**	R'000
Equity at beginning of year – as previously stated		**675 194**	487 135	**323 369**	322 018
Change in accounting policy – prior year restatement	17	**(1 889)**	(1 713)	**–**	–
As restated		**673 305**	485 422	**323 369**	322 018
Changes in share capital		**(5)**	13	**7**	13
Capitalisation share award		**6**	12	**6**	12
Issue of shares to share trust		**1**	1	**1**	1
Treasury shares		**(12)**	–	**–**	–
Changes in share premium		**(10 926)**	14 011	**9 317**	14 011
Capitalisation share award		**8 236**	13 355	**8 236**	13 355
Treasury shares		**(20 243)**	–		
Issue of shares to share trust		**1 081**	656	**1 081**	656
Changes in non-distributable reserves		**(112 717)**	114 529	**–**	–
Movement in foreign currency translation reserve	8	**(98 095)**	112 252	**–**	–
Change in accounting policy – prior year restatement	8	**–**	2 107	**–**	–
As restated		**(98 095)**	114 359	**–**	–
Other		**–**	79	**–**	–
Hedging reserves (AC 133)	8	**(14 350)**	–	**–**	
(Loss)/profit from associates		**(272)**	91	**–**	–
Changes in accumulated profit		**93 629**	59 330	**13 311**	(12 673)
Earnings attributable to ordinary shareholders		**114 906**	84 011	**34 860**	9 634
Change in accounting policy – prior year adjustment	17	**–**	(2 283)	**–**	–
As restated		**114 906**	81 728	**34 860**	9 634
Capitalisation award and dividend	15	**(21 549)**	(22 307)	**(21 549)**	(22 307)
Transfer of loss/(profit) from associates to non-distributable reserves		**272**	(91)	**–**	–
Equity at end of year		**643 286**	673 305	**346 004**	323 369

Cash flow statements

for the year ended 30 June 2003

		Group		Company	
		2003	2002 (Restated)	**2003**	2002
	Notes	**R'000**	R'000	**R'000**	R'000
Cash flows from operating activities		**381 995**	102 477	**21 104**	975
Cash receipts from customers		**3 035 767**	2 376 499	**(450)**	281
Cash paid to suppliers and employees		**(2 575 259)**	(2 206 341)	**–**	–
Cash generated from operations	16.1	**460 508**	170 158	**(450)**	281
Net financing costs		**(52 656)**	(43 440)	**–**	–
Taxation received/(paid)	16.2	**2 795**	(15 301)	**(1 848)**	–
Cash available from/(utilised in) operating activities		**410 647**	111 417	**(2 298)**	281
Dividends received		**–**	–	**36 708**	9 634
Dividends paid	16.3	**(28 652)**	(8 940)	**(13 306)**	(8 940)
Cash flows from investing activities		**(292 484)**	(166 108)	**(22 185)**	(1 632)
Investment in subsidiaries		**–**	–	**(12 012)**	(32 156)
Advance of deferred debt		**–**	(12 476)	**–**	–
Unlisted investments		**10 261**	(623)	**(10 173)**	–
Repaid by share incentive trust		**20 677**	630	**–**	–
Investment to maintain and expand operations					
– Additions to property, plant and equipment		**(369 869)**	(166 866)	**–**	–
– Proceeds on disposal of business/ other financial assets		**–**	–	**–**	30 524
– Proceeds on disposal of property, plant and equipment		**46 447**	13 227	**–**	–
Cash flows from financing activities		**(58 053)**	202 042	**1 081**	657
Proceeds on issue of shares		**9 325**	657	**1 081**	657
Share buy-back by subsidiary		**(20 256)**	–	**–**	–
Long-term interest-bearing debt		**(16 798)**	137 813	**–**	–
Current portion of long-term interest-bearing debt		**(30 324)**	63 572	**–**	–
Movement in cash resources		**31 458**	138 411	**–**	–
Cash resources at beginning of year		**15 090**	(123 321)	**–**	–
Cash resources at end of year	16.4	**46 548**	15 090	**–**	–

Segment reporting

for the year ended 30 June 2003

	ATS group 2003 R'm	Balance of group 2003 R'm	Total 2003 R'm	ATS group 2002 (Restated) R'm	Balance of group 2002 (Restated) R'm	Total 2002 (Restated) R'm
Revenue						
Manufacturing	1 999	495	2 494	1 674	382	2 056
Wholesale	94	197	291	172	183	355
Retail	–	368	368	–	338	338
Group services	(47)	(153)	(200)	(53)	(166)	(219)
	2 046	907	2 953	1 793	737	2 530
Operating income						
Manufacturing	172	42	214	134	38	172
Wholesale	(9)	6	(3)	(36)	4	(32)
Retail	–	32	32	–	34	34
Group services	(15)	(9)	(24)	(8)	(15)	(23)
	148	71	219	90	61	151
Capital expenditure						
Manufacturing	239	27	266	125	26	151
Wholesale	–	1	1	12	1	13
Retail	–	11	11	–	2	2
Group services	2	89	91	–	–	–
	241	128	369	137	29	166
Depreciation						
Manufacturing	64	38	102	65	42	107
Wholesale	2	2	4	15	2	17
Retail	–	3	3	–	1	1
Group services	16	(1)	15	4	–	4
	82	42	124	84	45	129
Segment assets						
Manufacturing	1 268	359	1 627	1 260	309	1 569
Wholesale	103	71	174	175	101	276
Retail	–	62	62	–	68	68
Group services	(124)	49	(75)	(124)	113	(11)
	1 247	541	1 788	1 311	591	1 902
Segment liabilities						
Manufacturing	636	122	758	589	99	688
Wholesale	123	69	192	207	102	309
Retail	–	46	46	–	34	34
Group services	–	56	56	–	119	119
	759	293	1 052	796	354	1 150
Interest-bearing debt (included in segment liabilities)	248	120	368	264	161	425
Net financing costs	17	36	53	17	26	43
Number of employees	1 248	1 432	2 680	1 043	1 369	2 412

Notes to segment reporting

for the year ended 30 June 2003

General

Transactions between segments are concluded on an arm's length market-related basis.

Reference to segment liabilities in the segment report does not include shareholders' equity and minority interest.

Manufacturing

The ATS group's manufacturing emanates from factories in Germany (Stahlschmidt & Maiworm Gmbh), Poland (Stahlschmidt & Maiworm Sp. Z.o.o.) and the United States (Stahlschmidt & Maiworm USA Inc.), as well as wheels manufactured under licence by various smaller manufacturers. Revenue comprises aluminium wheels and bedplates sold to OEMs and ATS wholesale businesses.

"Balance of group's" manufacturing segment is the Babelegi factory in South Africa (TSW Manufacturing (Pty) Limited). Revenue comprises aluminium wheels sold to local and foreign OEMs, and TSW branded wheels sold to the "Balance of the group" wholesalers, associated company and independent wholesalers.

Wholesale

The ATS group's wholesalers distribute ATS, Alustar and the WSL wheel brands in Germany, Poland, Scandinavia and the Benelux countries. The wholesale businesses acquire wheels from other manufacturers, produced under licence from ATS and Alustar Wheels Trading GmbH.

"Balance of group" distributes Yokohama and Velocity tyres and TSW wheels in Europe, South Africa and Namibia.

Retail

Wheels and tyres are retailed through the Tiger Wheel & Tyre stores situated throughout South Africa.

Group services

Inter-group revenue and operating profits are eliminated.

The principal accounting policies of the group and the disclosures made in the annual financial statements conform with South African Statements of Generally Accepted Accounting Practice in South Africa. The group financial statements are prepared on the historical cost basis and the accounting policies are consistent with those applied in the previous year, except as indicated in note 17.

Associated companies

An associated company is one in which the group has the ability to exercise significant influence, but not control, and which it intends to hold as a long-term investment. The results of associated companies are equity accounted from the effective dates of acquisition to the effective dates of disposal. Where a group enterprise transacts with an associated company, unrealised profits and losses are eliminated to the extent of the group's interest in the relevant associate.

Basis of consolidation

The group annual financial statements consolidate the financial statements of the company and all significant subsidiaries. The results of any subsidiaries acquired or disposed of during the year are included from the effective dates of acquisition and up to the effective dates of disposal. Inter-group revenue, unrealised profits on inventories and all other significant transactions between the company and its subsidiary companies are eliminated on consolidation. Where necessary, accounting policies of subsidiaries are aligned to ensure consistency with the policies adopted by the group.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Borrowing costs are determined at the actual interest charge for borrowings raised specifically to finance the assets or at the average borrowing rate where the general pool of borrowing is utilised. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

Capitalisation awards and cash dividends

The full cash equivalent of capitalisation share awards, and cash dividends paid by the company, are recorded and disclosed as dividends declared in the statement of changes in equity. Upon allotment of shares in terms of a capitalisation award, the election amounts are transferred to the share capital and share premium account, cash dividend election amounts are paid and the amount removed from equity. Dividends are accounted for on the date of declaration.

Comparative figures

When an accounting policy is altered, comparative figures are restated in accordance with the new policy where material.

Deferred taxation

Deferred taxation is provided on the comprehensive basis and is calculated using the balance sheet liability method. The deferred taxation liability represents the amount of income tax payable in future periods in respect of items of income and expenditure which are recognised for income tax purposes in periods different from those during which they are brought into account in the financial statements, allowing for the effect of any tax losses carried forward. Deferred taxation assets are recognised when it is probable that the related tax benefit will be realised.

Deferred tax is calculated at current tax rates. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Employee benefits

The group provides defined contribution funds for employees. Current contributions to these funds are charged against income when incurred. Medical aid costs are recognised as an expense in the period during which the employees render services to the group. Differences between contributions payable and contributions actually paid are shown as either prepayments or accruals in the balance sheet.

Leave pay is provided in full as the service is rendered to the company, based on the total cost to the company.

Equity Compensation Plans

Executive directors and senior executives have been granted share options in terms of The Tiger Wheels Limited Employees Share Trust (2000). After the date on which the options are exercisable and before the expiry date they can either be:

- purchased for cash from The Tiger Wheels Limited Employees Share Trust (2000); or
- ceded to an approved financial institution.

Financial instruments

Financial instruments recognised on the balance sheet include investments, derivative instruments, investments in debt securities, accounts receivable, cash and cash equivalents, accounts payable and interest bearing debt. Financial instruments are initially measured at cost, including transaction costs, when the group becomes a party to their contractual arrangements. The subsequent measurement of financial instruments is dealt with below. Where the group can legally do so and intends to settle on a net basis or simultaneously, related positive and negative values of financial instruments are offset within the balance sheet totals.

- **Derivative instruments**

  The group uses derivative financial instruments including options, interest rate swaps, caps and floors, forward rate agreements, as well as forward exchange contracts to hedge its exposure to interest rate, aluminium price and foreign currency fluctuations.

  In terms of hedge accounting, hedges are either (a) fair value hedges, which hedge the exposure to changes in the fair value of a recognised asset or liability or (b) cash flow hedges, which hedge exposure to variability in cash flows.

  In the case of fair value hedges, any gains or losses on marking to market the hedging instrument, are recognised immediately in the profit for the period.

  Gains and losses on effective cash flow hedging instruments in respect of firm commitments or forecast transactions are recognised directly in equity. Any ineffective portion of a cash flow hedge is recognised in profit before taxation for the period.

  When the hedged firm commitment or forecast transaction is recognised as an asset or a liability, the cumulative associated gains or losses reflected in equity are included in the initial measurement of the asset or liability. For other cash flow hedges that do not result in the recognition of an asset or liability, the cumulative gains or losses reflected in equity are included in profit in the period in which the hedged firm commitment or forecast transaction affects profit.

- **Trade and other receivables**

  Trade and other receivables are stated at cost less an allowance for doubtful debts. The allowance raised is the amount needed to reduce the carrying value to the net realisable value.

- **Cash and cash equivalents**

  Cash and cash equivalents are measured at fair value.

- **Financial liabilities**

  Financial liabilities other than derivatives are amortised at their original debt value less principal payments and amortisations.

Derivatives are subsequently measured at fair value, and gains and losses included in profit for the period.

Discounts arising from the difference between the net proceeds of debt instruments issued and the amounts repayable at maturity are charged to net financing costs over the life of the instruments.

- **Impairment of financial assets**

  At each balance sheet date an assessment is made of whether there is any objective evidence of impairment of financial assets. If there is evidence then the recoverable amount is estimated and an impairment loss is recognised in accordance with IAS39 (AC133).

Foreign currency translations

Transactions denominated in foreign currencies are translated at the rates of exchange ruling on the transaction date. Monetary items denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Gains or losses arising on translations are credited to or charged against income.

Financial statements of foreign operations are incorporated by translating monetary balances at rates of exchange ruling at the balance sheet date, non-monetary balances and components of equity at historic rates and income statement items at an average rate for the year. These translation differences are taken to income for the year. All other foreign entities are incorporated by translating the balance sheet at closing rates and the income statement at average rates for the year. Translation differences of these entities are taken to non-distributable reserves.

Goodwill arising on the acquisition of a foreign entity is treated as an asset or a liability of the foreign entity and is translated at the rate of exchange ruling at the balance sheet date.

Goodwill

The difference between the purchase consideration paid and the book value of the identifiable assets and liabilities at the date of acquisition of subsidiaries and associates is attributed to goodwill and is capitalised and amortised on a straight-line basis over 15 years. Goodwill arising on the acquisition of an associated company is included in the carrying amount of the associate. Goodwill arising on the acquisition of subsidiaries is presented separately on the balance sheet. On disposal of a subsidiary or associate, the attributable amount of unamortised goodwill is included in the determination of the profit or loss on disposal. The amount of negative goodwill that exceeds the fair values of identifiable non-monetary assets acquired is charged to the income statement in the period of the acquisition.

Impairment

The carrying value of assets is reviewed at each balance sheet date to assess whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. Where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution. The basis of determining cost is the first-in-first-out or weighted average methods.

Investments

All investments are initially carried at cost (including transaction costs).

Leased assets

Leases of property, plant and equipment, where the group assumes substantially all the benefits and risks of ownership are classified as finance leases. Assets leased in terms of finance lease agreements are capitalised at their fair values or, if lower, at the present value of the minimum lease payments and are depreciated at appropriate rates over the estimated useful lives of the assets. Finance lease payments are allocated using the effective interest rate method, between the lease finance cost, which is included in the financing cost, and the capital repayment, which reduces the liability to the lessor.

Assets held under finance leases are recognised as assets of the group at their fair value at the date of acquisition. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Finance costs, which represents the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Operating leases are those leases which do not fall within the scope of the above definition. Operating lease rentals are charged against trading profit on a straight line basis over the term of the relevant lease, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight line basis over the lease term.

Property, plant and equipment

Land held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at their original purchase price. Buildings are depreciated over their expected remaining useful life.

Property, plant and equipment are reflected at cost less accumulated depreciation. Direct costs and pre-production expenses relating to the erection, commissioning and installation of major capital projects are capitalised until the projects are in commercial operation.

Depreciation is charged on the straight-line basis over the estimated useful lives of the assets. The estimated maximum useful lives of items of property, plant and equipment are:

Computer equipment	3 years
Furniture, fittings and equipment	7 years
Buildings	50 years
Motor vehicles	5 years
Plant and machinery	10 years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The profit or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised as income.

Provisions

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

Research and development costs

Research and development costs are charged against income as and when incurred.

Revenue recognition

Revenue, which excludes value added tax and sales between group companies, represents the total net invoiced amount of goods supplied and services rendered to customers. Revenue from the sale of goods is recognised when significant risks and rewards of ownership are transferred to customers.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Segment reporting

All segment revenue and expenses are directly attributable to the segments. Segment assets include all operating assets used by a segment, and consist primarily of property, plant and equipment, as well as current assets. Segment liabilities include all operating liabilities and consist primarily of trade creditors and borrowings. These assets and liabilities are all directly attributable to the segments. Segment revenue and expenses include transfers between business segments and between geographical segments.

Such transfers are accounted for at competitive market prices charged to unaffiliated customers for similar goods. These transfers are eliminated on consolidation.

On a primary basis, the business segments comprise manufacturing, wholesaling, retailing and group services (comprising principally corporate functions and property).

On a secondary segment basis, geographic regions have been identified. The basis of segment reporting is representative of the internal structure used for management reporting.

Taxation

The charge for current tax is based on the results for the year as adjusted for items which are non-assessable or disallowed. It has been calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Treasury shares

Shares in Tiwheel held by a wholly-owned subsidiary are classified as treasury shares. These shares are treated as a deduction from the issued and weighted average numbers of shares and the cost price of the shares is deducted from group equity. Dividends received on treasury shares are eliminated on consolidation.

1. *Property, plant and equipment*

at 30 June 2003	Furniture, fittings and equipment R'000	Land and buildings R'000	Motor vehicles R'000	Plant and machinery R'000	Leased assets R'000	Total R'000
Cost						
At beginning of year	**59 953**	**182 152**	**1 270**	**668 423**	**25 387**	**937 185**
Additions	**5 557**	**107 775**	**172**	**241 443**	**14 922**	**369 869**
Disposals [*1]	**(1 310)**	**(30 978)**	**(352)**	**(59 679)**	**(787)**	**(93 106)**
Translation difference	**(8 458)**	**(41 902)**	**–**	**(117 311)**	**(4 606)**	**(172 277)**
At end of year	**55 742**	**217 047**	**1 090**	**732 876**	**34 916**	**1 041 671**
Accumulated depreciation						
At beginning of year	**26 777**	**23 848**	**774**	**164 606**	**2 308**	**218 313**
Depreciation charges	**11 087**	**6 405**	**176**	**101 285**	**4 335**	**123 288**
Accumulated depreciation on disposals	**(1 016)**	**–**	**(259)**	**(42 107)**	**(291)**	**(43 673)**
Translation difference	**(3 696)**	**(5 214)**	**31**	**(21 241)**	**(584)**	**(30 704)**
At end of year	**33 152**	**25 039**	**722**	**202 543**	**5 768**	**267 224**
Carrying amount at end of year	**22 590**	**192 008**	**368**	**530 333**	**29 148**	**774 447**
at 30 June 2002 (Restated)						
Cost						
At beginning of year	59 060	110 760	1 602	589 119	–	760 541
Additions	15 478	26 010	314	102 666	22 398	166 866
Disposals	(33 221)	(624)	(646)	(133 305)	–	(167 796)
Translation difference	18 636	46 006	–	109 943	2 989	177 574
At end of year	59 953	182 152	1 270	668 423	25 387	937 185
Accumulated depreciation						
At beginning of year	30 061	11 057	892	160 149	–	202 159
Depreciation charges	21 866	6 674	254	98 698	2 079	129 571
Accumulated depreciation on disposals	(31 675)	(25)	(285)	(122 733)	–	(154 718)
Translation difference	6 525	6 142	(87)	28 492	229	41 301
At end of year	26 777	23 848	774	164 606	2 308	218 313
Carrying amount at end of year	33 176	158 304	496	503 817	23 079	718 872

A register containing details of land and buildings is available for inspection at the registered office of the company.

The replacement value of property, plant and equipment for insurance purposes is R2 171 million (2002: R2 027 million).

[*1]: Plant & machinery includes an impairment loss of R10,9 million.

2. *Investment in subsidiaries*

	Issued share capital	Interest of holding company: Effective holding		Shares at cost less attributable goodwill	
		2003	2002	**2003**	2002
	R	**%**	%	**R'000**	R'000
Directly owned					
Tiger Wheel & Tyre (Pty) Limited	6	**100**	100	**–**	–
Tiger Wheel & Tyre Limited [*1] ▼	213 216 980	**100**	100	**64 414**	64 414
TSW Manufacturing (Pty) Limited	110	**100**	100	**245 000**	245 000
Yokohama Southern Africa (Pty) Limited	100	**100**	100		–
Other immaterial subsidiaries		**100**	100	**8 971**	8 971
Indirectly owned					
ATS Beteilingungsgesellschaft mbH [*2]	43 240 415	**74**	74	**–**	–
Tiger Wheels GmbH [*2] ▼	240 508 420	**100**	100	**–**	–
				318 385	318 385
Amount receivable					
Tiger Wheel & Tyre (Pty) Limited				**16 996**	4 984
Investment in subsidiaries				**335 381**	323 369

Unless stated otherwise, all companies are incorporated in South Africa.

[*1] = Registered in United Kingdom
[*2] = Registered in Germany
▼ = Intermediary holding companies of ATS

Aggregate results of subsidiaries	**2003**	2002
Profits	**122 815**	155 478
Losses	**(42 497)**	(83 475)
Net profits	**80 318**	72 003

Detailed information in respect of all subsidiaries is obtainable from the company secretary. Only the material subsidiaries are listed above.

	Group 2003 R'000	2002 (Restated) R'000
3. *Investment in associates*		
Carrying amount	**6 333**	4 555
Opening carrying amount	**4 555**	4 111
Further acquisition of 4,7% in YHPT at a nominal amount	**1 664**	–
Share of retained (losses)/profits	**(272)**	91
Elimination of movement of unearned profit on transactions	**386**	353
Comprising		
YHPT – UK: 37,7% (2002: 33%) *1	**6 332**	4 554
Basfour 2006 (Pty) Limited – SA: 33% (2002: 33%) *2	**1**	1
	6 333	4 555
Directors' net asset valuation: R10,2 million (2002: R12,1 million) being a pro-rata share of the associates' net tangible asset value		

*1 = Wholesaler of automotive aluminium wheels and passenger car tyres; subsidiary effective from 01 July 2003

*2 = Property holding company

The group's effective share of income statement, balance sheet and cash flow of associates is as follows:

	Group 2003 R'000	2002 (Restated) R'000
Balance Sheet		
Assets		
Non-current assets	**6 103**	7 829
Current assets	**40 394**	38 084
Total assets	**46 497**	45 913
Equity and liabilities		
Shareholders' funds	**10 198**	12 091
Non-current liabilities		
Interest-bearing borrowings	**5 295**	6 242
Current liabilities		
Interest-bearing borrowings	**11**	1 971
Other	**30 993**	25 609
Total equity and liabilities	**46 497**	45 913
Income statement		
Revenue	**76 577**	71 600
Cost of sales	**(57 344)**	(52 843)
Gross profit	**19 233**	18 757
Rental income	**819**	887
Selling and distribution costs	**(12 670)**	(11 388)
Administrative and other expenses	**(6 974)**	(6 764)
Operating loss	**408**	1 492
Net finance costs	**(930)**	(1 499)
Loss before taxation	**(522)**	(7)
Taxation	**172**	(48)
Loss after taxation	**(350)**	(55)
Loss of associate in excess of investment value	**78**	146
(Loss)/profit accounted for	**(272)**	91

	Group 2003 R'000	Group 2002 (Restated) R'000	Company 2003 R'000	Company 2002 R'000
3. *Investment in associates (continued)*				
Cash flow statement				
Cash flows from:				
Operating activities	**4 600**	14 866		
Investing activities	**1 012**	(18 655)		
Financing activities	**(995)**	18 726		
Movement in cash resources	**4 617**	14 937		
4. *Goodwill*				
Cost				
At beginning of year	**7 826**	5 363		
Arising on further investment in subsidiary	**(1 731)**	–		
Translation difference	**(1 073)**	2 463		
At end of year	**5 022**	7 826		
Amortisation				
At beginning of year	**1 767**	1 185		
Net amortisation for the year	**(1 220)**	511		
Translation difference	**(53)**	71		
At end of year	**494**	1 767		
Carrying amount at end of year	**4 528**	6 059		
5. *Financial assets*				
Share incentive trust	**1 761**	22 439	**–**	–
Deferred debt	**9 651**	12 881	**–**	–
Other investments	**20**	17 628	**10 173**	–
Endowment policy and unit trust sinking fund at cost [*1]	**–**	17 628	**10 173**	–
Other investments [*2]	**20**	–	**–**	–
Unconsolidated subsidiaries		468		
	11 432	53 416	**10 173**	–

[*1] Surrender/market value : R20,5 million (2002 : R17,3 million)

[*2] Listed investment in Germany

	Group 2003 R'000	Group 2002 (Restated) R'000	Company 2003 R'000	Company 2002 R'000
6. *Inventories*				
Raw materials	**29 044**	30 638		
Work in progress	**68 658**	83 385		
Manufactured products	**159 422**	143 328		
Merchandise for resale	**107 664**	137 755		
Consumable stores	**59 777**	65 343		
	424 565	460 449		

	Group 2003 R'000	Group 2002 (Restated) R'000	Company 2003 R'000	Company 2002 R'000
7. *Share capital and premium*				
Authorised				
100 000 000 ordinary shares of 1 cent each	**1 000**	1 000	**1 000**	1 000
Issued shares and premium				
Ordinary shares	**594**	599	**606**	599
Ordinary shares of 1 cent each	**606**	599	**606**	599
Treasury shares	**(12)**	–	**–**	–
Share premium	**271 753**	282 679	**291 996**	282 679
Balance at beginning of year	**282 679**	268 668	**282 679**	268 668
Arising from capitalisation issue	**8 236**	13 355	**8 236**	13 355
Arising from issue of options to employees	**1 081**	656	**1 081**	656
Treasury shares	**(20 243)**	–	**–**	–
	272 347	283 278	**292 602**	283 278
Number of issued shares				
In issue at beginning of year	**59 882 200**	58 588 295	**59 882 200**	58 588 295
Capitalisation issue	**622 661**	1 209 655	**622 661**	1 209 655
Options issued to employees	**138 825**	84 250	**138 825**	84 250
Treasury shares	**(1 228 393)**	–	**–**	–
	59 415 293	59 882 200	**60 643 686**	59 882 200
In terms of a shareowners' resolution of 21 November 2002 the directors have unconditional authority until the next annual general meeting to issue the remaining unissued shares.				
8. *Non-distributable reserves*				
Foreign currency translation reserve	**59 590**	157 685	**–**	–
Balance at beginning of year	**157 685**	43 324	**–**	–
Prior year adjustment	**–**	2 107	**–**	–
Deferred tax asset	**4 021**	(5 525)	**–**	–
Movement during year	**(102 116)**	117 779	**–**	–
Hedging reserves (AC133)	**(14 350)**	–	**–**	–
Accumulated profit of associated companies	**309**	581	**–**	–
Balance at beginning of year	**581**	490	**–**	–
Transfer from income statement	**(272)**	91	**–**	–
Other	**79**	79	**2**	2
	45 628	158 345	**2**	2

(continued)

	Group 2003 R'000	Group 2002 (Restated) R'000	Company 2003 R'000	Company 2002 R'000
9. *Long-term interest bearing debt*				
Secured	**344 758**	398 289		
Secured over property, plant and equipment with a net book value of R488 million (2002: R434 million) as well as inventories and a ccounts receivable in Stahlschmidt & Maiworm Sp. Z.o.o. of R89 million (2002: R107 million). The liabilities bear interest at rates between 4,35% p.a. and rates varying with, but not exceeding prime. Repayable in monthly instalments of R4,1 million (2002: R10,4 million), inclusive of interest.				
Current portion transferred to short-term interest-bearing debt	**(85 014)**	(115 337)		
	259 744	282 952		
The major portion of the security relates to the international businesses in Germany and Poland.				
Repayment terms	**344 758**	398 289		
Year 1	**85 014**	115 337		
Years 2 – 5	**208 334**	243 754		
Thereafter	**51 410**	39 198		
Analysis of borrowings per currency	**344 758**	398 289		
South African Rand	**118 640**	133 536		
Euro equivalent	**226 118**	264 753		
The Euro equivalent borrowings are repayable out of operations conducted in the currency of the liability.				
	2003 €'000	2002 €'000		
Foreign borrowings	**26 782**	25 881		

	Group		Company	
	2003	2002	**2003**	2002
		(Restated)		
	R'000	R'000	**R'000**	R'000
10. *Short-term borrowings*				
Bank overdrafts and money market borrowings	**22 899**	26 436		
The group optimises its cost of funds by utilising some money market and some overdraft facilities, mainly repayable on demand and the group also has access to unutilised term facilities.				
– Local borrowings are secured through cross-guarantees by domestic group companies.				
– Foreign borrowings are unsecured. No cross-guarantees exist between South Africa and any offshore companies.				
– Interest is charged on overdraft balances at rates between 6% and rates varying with, but not exceeding prime.				
Analysis of borrowings per currency	**22 899**	26 436		
South African Rand	**–**	50 116		
Euro equivalent	**22 899**	(25 167)		
Sterling equivalent	**–**	14 778		
US Dollar equivalent	**–**	(13 291)		
11. *Trade and other payables*				
The following provisions are included in trade and other payables				
– Employee service related provisions	**43 361**	40 515		
12. *Deferred taxation*				
Balance at beginning of year	**(5 899)**	(8 714)		
Prior year adjustment	**–**	3 091		
Restated opening balance	**(5 899)**	(5 623)		
Income statement	**7 797**	2 202		
Translation difference	**507**	(2 478)		
	2 405	(5 899)		
Comprising timing differences from:				
Property, plant and equipment	**1 909**	(8 355)		
Other	**496**	2 456		
	2 405	(5 899)		

(continued)

	Group 2003 R'000	Group 2002 (Restated) R'000	Company 2003 R'000	Company 2002 R'000
13. *Profit before taxation*				
Profit before taxation is stated after:				
Income				
Dividends received – subsidiary companies	–	–	36 708	9 634
Net profit on disposal of property, plant and equipment	7 915	148	–	–
Amortisation of negative goodwill	1 832	–	–	–
Expenditure				
Auditors' remuneration	3 200	4 196	–	–
Audit fees	1 640	2 200	–	–
Other services *	1 543	1 952	–	–
Prior year under-provision	17	44	–	–
Depreciation	123 288	129 571	–	–
Furniture, fittings and equipment	11 087	21 866	–	–
Land and buildings	6 405	6 674	–	–
Motor vehicles	176	254	–	–
Plant and machinery	101 285	98 698	–	–
Leased assets	4 335	2 079	–	–
Amortisation of positive goodwill	612	511	–	–
Impairment of property, plant and equipment	10 901	–	–	–
Loss on disposal of associate	–	14 813	–	–
Loss/(profit) on foreign exchange transactions	31 209	(43 996)	–	–
Net financing costs	52 656	43 440	–	–
Interest paid	53 488	45 714	–	–
Interest received	(832)	(2 274)	–	–
Operating lease charges	59 690	47 072	–	–
Property	33 274	22 929	–	–
Plant and equipment	26 416	24 143	–	–
Research and development costs	8 639	6 180	–	–
Staff costs	516 687	449 208	–	–

* Comprises services rendered for tax advice, general consulting and out-of-pocket expenses

13. *Profit before taxation (continued)*

Directors' emoluments paid by subsidiaries

Name	Fees/ Consulting	Basic salary	Perfor-mance bonus #	Expense allow-ance	Other benefits°	Pension scheme contri-butions	Company 2003 R'000 Total	Company 2002 R'000 Total
Independent non-executive directors								
I M Groves (3 mths)	23	–	–	–	–	–	**23**	–
J M P Desmidt (5 mths)	41	–	–	–	–	–	**41**	50
R Hagemann	120	–	–	–	–	–	**120**	99
						Total (A)	**184**	149
Non-executive directors								
M B Glatt	589	–	–	–	72	–	**661**	650
Retired director	–	–	–	–	–	–	**–**	522
						Total (B)	**661**	1 172
Executive directors								
E I Keizan	–	929	-	–	18	64	**1 011**	795
J J G Loots	–	924	100	–	33	65	**1 122**	850
S F Teichert *	–	4 023	–	–	98	1 102	**5 223**	4 355
K W Rivers	–	1 035	344	–	18	72	**1 469**	1 316
						Total (C)	**8 825**	7 316
						Total emoluments (A + B + C)	**9 670**	8 637

Determined on performance for the year ended 30 June 2002.
° Other benefits include medical aid contributions and travelling allowances.
* Euro denominated.

Share options

- J J G Loots – 100 000 shares @ R7.80
- S F Teichert – 200 000 shares @ R7.80

Of the above options, 75 000 (25%) are currently exercisable. The balance of the options held by J J G Loots is exercisable on 21/03/04, 21/03/06 and 21/03/08. The balance of the options held by S F Teichert is exercisable upon the termination of his service contract at the end of December 2003.

(continued)

	Group 2003 R'000	Group 2002 (Restated) R'000	Company 2003 R'000	Company 2002 R'000
14. *Taxation*				
Charge to income				
Normal tax	**21 021**	10 484	**–**	–
Deferred tax	**(7 797)**	(2 202)	**–**	–
– current year	**(7 391)**	(2 202)	**–**	–
– rate adjustment	**(406)**	–	**–**	–
Secondary tax on companies	**1 848**	–	**1 848**	–
	15 072	8 282	**1 848**	–
Comprising				
– South African normal taxation	**7 157**	4 647	**–**	–
– Secondary tax on companies	**1 848**	–	**1 848**	–
– Foreign taxes	**6 067**	3 635	**–**	–
	15 072	8 282	**1 848**	–
Reconciliation of taxation rate				
Standard rate – South Africa	**30,0%**	30,0%	**30,0%**	30,0%
The standard rate of South African normal taxation has been affected by:				
Tax rate change	**0,2%**	–	**–**	–
Prior year	**(0,1%)**	–	**–**	–
Exempt income/disallowable expenditure	**(19,0%)**	(24,7%)	**(30,0%)**	(30,0%)
Foreign tax rate variances	**1,4%**	(0,7%)		
Secondary tax on companies	**1,1%**	–	**5,0%**	–
Other	**(4,5%)**	3,1%	**–**	–
Effective tax rate	**9,1%**	7,7%	**5,0%**	0,0%
Tax losses available for offset against future taxable income are estimated to be R221 million (2002: R251 million).				
15. *Capitalisation award and dividend*				
Cash dividend	**13 306**	8 940	**13 306**	8 940
Cash dividend converted into shares	**8 243**	13 367	**8 243**	13 367
	21 549	22 307	**21 549**	22 307

	Group 2003 R'000	Group 2002 (Restated) R'000	Company 2003 R'000	Company 2002 R'000
16. *Notes to the cash flow statements*				
16.1 Cash generated from operations				
	384 421	254 471	**–**	–
Operating income before interest and taxation	**219 064**	151 135	**–**	–
Adjusted for:				
Depreciation of property, plant and equipment	**123 288**	129 571	**–**	–
Net amortisation of goodwill	**(1 220)**	511	**–**	–
Net profit on disposal of property, plant and equipment	**(7 915)**	(148)	**–**	–
Impairment of property, plant and equipment	**10 901**	–	**–**	–
Other non-cash items	**40 303**	(26 598)	**–**	–
Working capital changes	**76 087**	(84 313)	**(450)**	281
Inventories	**35 884**	(112 186)	**–**	–
Trade and other receivables	**83 244**	(154 495)	**(450)**	281
Trade and other payables	**(43 041)**	182 368	**–**	–
	460 508	170 158	**(450)**	281
16.2 Taxation paid				
Receivable at beginning of year	**18 580**	11 585	**–**	–
Translation difference	**(12 009)**	7 703	**–**	–
Normal tax charge	**(13 323)**	(16 009)	**(1 848)**	–
Owing/receivable at end of year	**9 547**	(18 580)	**–**	–
	2 795	(15 301)	**(1 848)**	–
16.3 Dividends paid				
Current year	**(21 549)**	(8 940)	**(13 306)**	(8 940)
Minority shareholders	**(7 103)**	–	**–**	–
	(28 652)	(8 940)	**(13 306)**	(8 940)
16.4 Cash resources at end of year				
Bank and cash balances	**69 447**	41 526	**–**	–
Short-term borrowings	**(22 899)**	(26 436)	**–**	–
	46 548	15 090	**–**	–

	Group 2003 R'000	Group 2002 R'000
17. *Change in accounting policies*		
• **Unconsolidated subsidiaries**		
In order to fully comply with South African Statements of Generally Accepted Accounting Practice, the group has changed its policy to now consolidate previously unconsolidated subsidiaries. This change has been applied retrospectively. The effect of the change is as follows:		
Increase/(decrease) in net profit		
Gross	**1 158**	(3 115)
Taxation	**495**	30
Minority interest	**(430)**	802
Net	**1 223**	(2 283)

The effect of this adjustment on the years prior to 2002 is a decrease in net profit of R1 713 million (net of taxation and minority interest).

- **Financial instruments**

During the year the group adopted AC133 – Financial instruments: recognition and measurement. In terms of the transitional requirements of AC133, figures in respect of previous years are not restated. The impact of the application of AC133 is that reserves were reduced by R14,3 million, minority interest by R4,8 million, while accounts payable was increased by R19,1 million.

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

18. Related party transactions

During the year the group's subsidiaries, in the ordinary course of business, entered into various sale and purchase transactions with associates. These transactions occurred under terms that are no more favourable than those arranged with third parties.

Associates

Details of investments in associates are disclosed in note 3. The group sold goods to the value of R26,9 million (2002: R24,2 million) to associates. The outstanding balances at year-end in trade and other receivables is R12,9 million (2002: R12,8 million).

19. Director service contract

S F Teichert, an executive director has a service contract with the group which terminates at the end of December 2003. This contract was entered into prior to the acquisition of ATS by the group. None of the other directors have service contracts with the group.

20. Financial instruments

The group's objective in using financial instruments is to reduce the uncertainty over future cash flows arising from movements in currency, interest rates and aluminium prices. Senior executives meet on a regular basis to analyse currency and interest rate exposures and re-evaluate treasury management strategies against revised economic forecasts. Derivative instruments which are used by the group for hedging purposes comprise forward exchange contracts (FECs), options and interest rate swaps.

Foreign currency risk

The group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The group manages exchange rate exposures using FECs, natural hedges and where appropriate open positions are maintained when the market trends are favourable.

Foreign currency borrowings (foreign subsidiaries) are uncovered, as corresponding foreign assets naturally hedge these exposures.

Imported capital equipment and trade-related imports are managed through the use of the natural hedges arising from export revenue as well as FECs.

Exports are covered due to the Rand's trend of appreciating against other major currencies.

Price hedging

Prices for future purchases of aluminium are generally established on normal commercial terms directly with suppliers, and are naturally hedged in that customers' pricing is adjusted upwards or downwards quarterly, bi-annually and annually by average movement in the aluminium price.

Interest rate risk

The group is exposed to interest rate risk as it borrows and places funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings. The group makes use of interest rate swaps to hedge specific exposures.

Credit risk

Credit risk relates to potential exposure on cash and cash equivalents, investments, trade receivables and hedged positions. The group limits its counterparty exposure arising from money market and derivative instruments by only dealing with well-established financial institutions of high credit standing. Trade accounts receivable consist mainly of a large widespread customer base. Group companies monitor the financial position of their customers on an ongoing basis. Where considered appropriate, use is made of credit guarantee insurance. The granting of credit is controlled by application, and the limits are continuously reviewed and updated. At the balance sheet date the group did not consider there to be any significant concentration of credit risk which has not been insured or adequately provided for.

Liquidity risk

The group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

21. Financial risk management

21.1 Treasury risk management

Senior executives meet regularly to update treasury policies and objectives, analyse currency and interest rate exposures and re-evaluate treasury management strategies against revised economic forecasts. Compliance with group treasury policies and objectives of the board and exposure limits are reviewed at meetings of the audit and risk committees.

21.2 Foreign currency management

Material forward exchange contracts at 30 June 2003 are summarised below. The writing of option contracts is prohibited, thus currency options are purchased as an alternative to forward exchange contracts. The amounts represent the net Rand equivalents of commitments, to purchase and sell foreign currencies and all of these commitments mature within one year. Accordingly, the average rates shown include the cost of forward cover for a period of up to 12 months.

	Foreign currency '000	Derivative fair value R'000	Contract equivalent R'000	Average exchange rate
Forward exchange contracts for Rand and/or Euro imports and (exports)				
As at 30 June 2003				
Germany				
US Dollar import	4 200	(2 098)	31 210	7,43
South Africa				
US Dollar export	(1 552)	192	(12 620)	8,13
Euro export	(3 759)	519	(34 775)	9,33

The company, and certain of its subsidiaries, in terms of approved policy limits, manage short-term foreign currency exposures relating to trade imports, exports and interest flows on foreign borrowings. Net uncovered Rand transaction exposures at 30 June 2003 amounted to Nil (2002: Nil). The group policy is to limit the net aggregate exposure to between 80% and 125% of total foreign order exposure.

21.3 Interest rate management

As part of the process of managing the group's fixed and floating rate interest-bearing debt and cash and cash equivalent mix, the interest rate characteristics of new and the refinancing of existing loans are positioned according to expected movements in interest rates. The interest rate repricing profile at 30 June 2003 is summarised as follows:

	0 - 12 months	Beyond 12 months	Total interest-bearing debt
As at 30 June 2003			
Interest-bearing debt (R'000)	28 373	91 338	119 711
% of total interest-bearing debt	24	76	100

21. Financial risk management (continued)

21.3 Interest rate management (continued)

	Total	At floating rate	At fixed rate
Cash deposits by currency			
2003 (R'000)			
US dollar	19 568	19 568	–
Euro	14 376	14 376	–
South African Rand	22 500	22 500	–

	Notional amount 2003	Interest % 2003	
Interest rate swaps ('000)			
Pay fixed/receive floating			
Germany (Swiss Franc*)	7 870	4,93	NACQ#
South Africa (Rand)	151 934	–	
Interest rate swaps < 1 year	46 217	12,90	NACQ
Interest rate swaps beyond 1 year	105 717	11,50-13,90	NACQ
Pay floating/receive fixed			
Interest rate swaps > 1 year	15 872	JIBAR*[1]	NACM*[2]
Interest rate cap			
Interest rate cap > 1 year	15 872	14,78	NACM

In order to hedge specific exposures in the interest rate repricing profile of existing borrowings and anticipated peak additional borrowings, the company and certain of its subsidiaries make use of interest rate derivatives, only as approved in terms of group policy limits.

21.4 Credit risk management

Potential concentrations of credit risk consist principally of trade accounts receivable and short-term cash investments. The group only deposits short-term cash surpluses with financial institutions of high quality credit standing. Credit limits per financial institution are established at the regular treasury meetings and are approved at the audit and risk workgroup. Trade accounts receivable comprise a large, widespread customer base and group companies perform ongoing credit evaluations of the financial condition of their customers and, where appropriate, credit guarantee insurance cover is purchased. Application and behavioural scoring models control the granting of credit, the assumptions therein are reviewed and updated on an ongoing basis. At 30 June 2003, the group did not consider there to be any significant concentration of credit risk that had not been insured or adequately provided for.

* The underlying liability is managed through a currency swap (CHF/EUR) for which the profit has been accounted for in the income statement

\# Nominal annual compounded quarterly

*[1] Johannesburg agreed inter-bank rate

*[2] Nominal annual compounded monthly

	Group 2003 R'000	Group 2002 R'000
21. *Financial risk management (continued)*		
21.5 Liquidity risk		
• Unutilised banking facilities The Group has minimised risk of illiquidity as shown by its adequate banking facilities and reserve borrowing capacity :		
ATS group	**124 282**	86 678
Total banking and loan facilities	**371 328**	350 238
Actual interest bearing debt	**(247 046)**	(263 560)
Balance of group	**262 389**	147 835
Total banking and loan facilities	**383 000**	309 000
Actual interest bearing debt	**(120 611)**	(161 165)
Total unutilised banking facilities	**386 671**	234 513

• Reserve capacity
In terms of the company's articles of association the company has unlimited borrowing powers.

• No cross-guarantees exist between South Africa and any offshore companies.

	Company 2003 R'000	Company 2002 R'000
22. *Contingent liabilities*		
Guarantees in respect of banking and other facilities granted to subsidiaries	**142 200**	298 700
In respect of future operating lease obligations of subsidiaries	**176 541**	259 439
– Due within one year	**16 017**	19 630
– Due between one and five years	**76 037**	111 665
– Due thereafter	**84 487**	128 144

23. *Employee benefits*

South African group

The group provides retirement benefits for staff, other than those required by legislation to be members of various industry funds, by way of a pension fund and a provident fund. The Tiger Wheels Pension Fund and Negotiated Provident Fund which are governed by the Pension Funds Act of 1956, are defined contribution funds and accordingly are not subject to actuarial valuation. In respect of the pension fund, employees contributions vary between 0%, 6% and 7,5%, while the employers' contribution remains at 7,5%. For the provident fund, members contribute 6% and the employers contribute 7%. The employer's contribution to the pension and provident fund is charged against income in the year it is incurred. Membership of, and employer contributions to each fund at 30 June 2003 were:

	Members		Employer contributions	
	2003	2002	**2003 R'000**	2002 R'000
Tiger Wheels Pension Fund	**895**	808	**6 136**	5 585
Tiger Wheels Provident Fund	**525**	515	**1 844**	2 324

The South African group has no post-retirement medical aid obligations for current or retired employees.

ATS group

All German and Polish employees of the ATS group are compulsory members of the statutory pension insurance funds administered by the German and Polish governments. Employees in the USA do not have to contribute to the pension fund. Membership of, and employer and employee contributions to each fund as at 30 June 2003 were:

	USA		Germany		Poland	
	2003	2002	**2003**	2002	**2003**	2002
Employee contributions	**15%**	–	**9,65%**	9,65%	**18,71%**	18,71%
Employer contributions	**5%**	–	**9,65%**	9,65%	**20,41%**	20,41%
Members	**12**	–	**507**	531	**727**	514

Pensioners draw an income from these pension funds administered by the state. The ATS group has no post-retirement pension or medical aid obligations for current or retired employees.

In terms of German legislation all employees of 55 years and older are entitled to termination benefits. Full provision has been made for future liabilities.

	USA		Germany		Poland	
	2003 R'000	2002 R'000	**2003 R'000**	2002 R'000	**2003 R'000**	2002 R'000
Termination benefits	**–**	–	**3 448**	3 048	**–**	–

(continued)

	Group 2003 R'000	2002 (Restated) R'000
24. *Capital commitments*		
Capital expenditure		
Contracted	**41 021**	168 332
Approved, not yet contracted	**149 630**	177 424
	190 651	345 756
The capital expenditure will be financed in the financial year ending 30 June 2004 from profits, tighter working capital asset management, cash resources and term borrowings.		
Minority put option		
Cash payout	**69 561**	84 282
Compulsory conversion to Tiwheel shares	**58 924**	71 395
	128 485	155 677
Mrs A Stahlschmidt is the remaining minority in ATS. Mrs Stahlschmidt has a put option for the balance of her shareholding at an amount of Euro 15,2 million until 31 December 2005. In the opinion of the directors, Mrs A Stahlschmidt is unlikely to exercise the put option.		
25. *Operating lease commitments*		
Property	**389 850**	361 401
Due within one year	**39 797**	35 550
Due thereafter	**350 053**	325 851
Plant and equipment	**12 900**	35 274
Due within one year	**8 496**	18 049
Due thereafter	**4 404**	17 225
	402 750	396 675

Included in the operating lease commitments in respect of property above, is an amount of R33 million (2002: R35 million), which is due to Basfour 2 006 (Pty) Ltd, an associate company (refer note 3). This commitment extends up to the end of 2013.

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ABSA Bank Limited
The Standard Bank of South Africa Limited
Deutsche Bank AG – Germany
Vereinigte Bank AG – Germany
Westdeutsche Landesbank – Germany
Commerzbank Aktiengesellschaft
– South Africa and Germany

Shareholders' diary

Financial year-end	30 June
Annual general meeting	04 December 2003

Financial reporting

Interim report for the half-year ending 31 December	Early March
Preliminary announcement of annual results	Early September

Dividend distribution

Last day to trade to qualify	18 September 2003
Shares trade ex-entitlement	19 September 2003
Record date	26 September 2003
Payment date	29 September 2003

Share certificates were not dematerialised or rematerialised between Friday, 19 September 2003 and Friday, 26 September 2003, both dates inclusive.

Notice of annual general meeting

Notice is hereby given that the annual general meeting of members will be held at the Tiger Wheels head office, cnr. Old Pretoria Road and K101, Midrand, Gauteng, on Thursday, 4 December 2003 at 10h00 to transact the following business:

1. To receive and adopt the audited annual financial statements for the year ended 30 June 2003.
2. To re-elect the following directors, who retire in terms of the company's articles of association and, being eligible, offer themselves for re-election: Messrs. R Hagemann, I M Groves and M B Glatt. (Please refer to page 3 for abbreviated biographical details of these directors.)
3. To approve:

   3.1 the directors' remuneration for 2003 as reflected in note 13 to the annual financial statements;

   3.2 the proposed fees payable to non-executive directors for the current financial year:

   3.2.1 *Rainer Hagemann:*

   Member of the board: R60 000 per annum

   Chairman of audit committee: R8 000 per meeting

   Member of remuneration committee: R4 000 per meeting

   3.2.2 *Mike Groves:*

   Member of the board and sub-committees: R80 000 per annum

   3.2.3 *Martin Glatt:*

   Chairman of the board and member of sub-committees: R650 000 per annum
4. To confirm the appointment of the auditors.
5. To consider and, if deemed fit, to pass with or without modification the following ordinary resolutions:

   5.1 **Ordinary resolution number 1**

   "RESOLVED THAT the unissued authorised shares in the capital of the company be and are hereby placed under the control of the directors until the next annual general meeting of the company for allotment and issue to such persons and upon such terms subject to such conditions as the directors in their sole discretion may determine from time to time, but at all times subject to the provisions of the Companies Act and to the rules and regulations of the JSE Securities Exchange South Africa ("JSE")."

   5.2 **Ordinary resolution number 2**

   "RESOLVED THAT, subject to meeting the requirements of the JSE, the directors have the powers to allot and issue any shares of any class in the capital of the company for cash when the directors consider it appropriate in the circumstances, subject to the following:

   - this authority shall not endure beyond the next annual general meeting of the company nor shall it endure beyond 15 months from the date of the meeting;
   - there will be no restrictions in regard to the persons to whom the shares may be issued, provided that such shares are to be issued to public shareholders (as defined by the JSE in its Listings Requirements) and not to related parties;
   - upon any issue of shares which, together with prior issues during any financial year, will constitute 5% or more of the number of shares of the class in issue, the company shall, by way of a paid press announcement in terms of 11.22 of the JSE Listings Requirements, give full details thereof, including the effect on the net asset value of the company and earnings per share, the number of securities issued and the average discount to the weighted average traded price of the securities over the 30 days prior to the date that the price of such issue was determined or agreed by the company's directors;
   - that issues in the aggregate in any one financial year may not exceed 15% of the number of shares of that class of the company's issued shares (including instruments which are compulsorily convertible into shares of that class) at the date of application less any shares of that class issued, or to be issued in the future arising from options/convertible securities issued during the current financial year, plus any shares to be issued pursuant to an announced, irrevocable and fully underwritten rights offer or to be

issued pursuant to any acquisition for which the final terms have been announced; and

- no shares issued pursuant to this authority will be issued at a price which is less than 90% of the weighted average traded price of the shares in question determined over the 30 day period prior to the date that the price of the issue is determined or agreed by the directors."

The approval of a 75% majority of the votes cast by shareholders present or represented by proxy at this meeting is required for this ordinary resolution to become effective.

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

6.1 **Special resolution number 1 – share repurchases**

"RESOLVED THAT the company or any of its subsidiaries, are hereby authorised as a general approval given in terms of section 85(2) and 89 of the Companies Act, to acquire shares issued by the company upon such terms and conditions and in such amounts as the directors may from time to time decide, but subject to the provisions of the Companies Act and the Listings Requirements of the JSE which currently stipulate that:

- the repurchase of securities being effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counter-party (reported traded are prohibited);
- at any point in time the company may only appoint one agent to effect any repurchases on the company's behalf;
- the company may only undertake a repurchase of securities if after such repurchase it still complies with the shareholder spread requirements of the JSE;
- the company or any of its subsidiaries may not repurchase securities during a prohibited period as defined in the JSE Listings Requirements;
- this general authority shall only be valid until the company's next annual general meeting provided that it shall not extend beyond 15 (fifteen) months from the date of passing this special resolution;
- a paid press announcement will be published as soon as the company has acquired ordinary shares constituting, on a cumulative basis, 3% (three percent) of the number of ordinary shares in issue, at the time of passing of this special resolution, and any 3% increments thereafter which announcements shall contain full details of such acquisitions;
- acquisitions of ordinary shares by the company in terms of this general authority in the aggregate in any one financial year may not exceed 20% (twenty percent) of the company's issued ordinary share capital nor may any subsidiary hold more than 10% of the company's issued share capital at any one time;
- in determining the price at which ordinary shares issued by the company are acquired in terms of this general authority, the maximum price at which such ordinary shares may be acquired may not be greater than 10% (ten percent) above the weighted average of the market price at which such ordinary shares traded on the JSE over the 5 (five) business days immediately preceding the date on which the transaction is effected.

Although no such repurchases are currently being considered, the general authority to repurchase the company's shares will be acted upon within the parameters laid down by the JSE, as and when the directors deem it to be appropriate. After considering the effect of a general repurchase within these parameters, the directors are of the view that for a period of at least twelve months after the date of this notice:

- the company and the group will be able in the ordinary course of business to pay its debts;
- the assets of the company and the group, fairly valued in accordance with accounting policies used in the latest

audit report, will be in excess of the liabilities of the company and the group for a period of 12 months after the date of this notice of annual general meeting;

- the ordinary capital and reserves of the company and group will be adequate for the purposes of the company's and the group's businesses respectively; and
- the working capital of the company and the group will be adequate for their requirements."

The sponsor of the company has signed the appropriate working capital statement in terms of 2.12 of the JSE Listings Requirements

The reason for this special resolution is to grant a general approval in terms of the Companies Act and the Listings Requirements of the JSE for the acquisition by the company or its subsidiaries of shares issued by the company, subject to statutory and regulatory limitations and controls.

The effect of this special resolution is to enable the company and/or a subsidiary, by way of a general approval, to repurchase up to a maximum of 20% of its share capital in any one financial year; such authority to remain valid until the company's next annual general meeting but not beyond the period of 15 months after the date of this resolution.

As per section 11.26b of the Listings Requirements of the JSE, shareholders are referred to the following sections in the annual report to which this notice of annual general meeting is attached:

- details of directors on page 3;
- directors' interest in securities on page 18 (which interests have not changed since 30 June 2003);
- major shareholders on page 4;
- material changes in the nature of the company's trading or financial position post 30 June 2003 on pages 7 and 25;
- litigation statement on page 25; and
- the share capital note on page 41.

The directors, whose names have been given on page 3 of this annual report, collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that the annual report contains all information required by the JSE Listings Requirements, have considered the general authority to repurchase securities resolution and are of the opinion that Tiwheel shareholders should vote in favour of the resolutions necessary to implement the resolution.

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

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and, on a poll vote in his/her stead. A proxy need not be a member of the company. Proxy forms must reach the company's transfer secretaries by no later than 10h00 on Tuesday, 2 December 2003.

Members who have already dematerialised their shares in the company and who have not selected own name registration and wish to attend the annual general meeting or be represented by proxy must timeously contact their Central Securities Depository Participant ("CSDP") or broker who will furnish them with the necessary authority in terms of the custody agreement entered into between the dematerialised member and the CSDP or broker, or provide their CSDP or broker with their voting instructions in the manner and cut-off time stipulated by the CSDP or broker. Certificated and shareholders who have dematerialised their shares with "own name" registration may attend, speak or vote in person at the annual general meeting or may appoint any other person/s as a proxy or proxies to attend, speak and vote.

By order of the board

D Cousins
Company secretary

Midrand
31 October 2003

Notes

Printed by Ince (Pty) Ltd

Form of proxy

TIGER WHEELS LIMITED

(Registration number 1970/011662/06))
Share code: TIW; ISIN number: ZAE000007407
("the company")

For use ONLY by certificated shareholders and own name dematerialised shareholders at the annual general meeting of the company's shareholders to be held at 10h00 on 4 December 2003, or such later time that may be applicable ("the annual general meeting").

I/We ____
(please print)

of ____

being a member/s of the company and being the registered owner/s of __________ ordinary shares in the company

hereby appoint ____ or failing him,

____ or failing him,

the chairman of the meeting as my/our proxy to attend the annual general meeting of the company, to be held on **4 December 2003 at 10h00** or any adjournment thereof and to speak and act for me/us and, on a poll, to vote on my/our behalf.

My/our proxy shall vote as follows:

	In favour of*	Against*	Abstain*
1. Adoption of annual financial statements for the year ended 30 June 2003			
2. Re-election of directors in so far as it relates to: • R Hagemann • I M Groves • M B Glatt			
3. To approve: 3.1 the directors' remuneration for 2003; 3.2 the proposed fees payable to non-executive directors for the current financial year			
4. To confirm the reappointment of the auditors, Fisher Hoffman PKF (Jhb) Inc., for the forthcoming financial year			
5. Ordinary resolution number 1: Place unissued shares under control of directors			
6. Ordinary resolution number 2: Authorise directors to issue shares for cash			
7. Special resolution number 1: Repurchase by company of own shares			

*Please place an X in the appropriate spaces above to indicate how you wish your notes to be cast.

Signed at ______________________ on ______________________ 2003

Signature(s) ____

____ Assisted by me where applicable

Please refer overleaf for instructions for signing and lodging this Proxy.

Instructions for signing and lodging this proxy

Notes

1. Each member is entitled to appoint one or more proxies (who need not be a member(s) of the company) to attend, speak and vote (either on a poll or by show of hands) in place of that member at the annual general meeting.

2. A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space provided, with or without deleting the words "the chairman of the annual general meeting". All deletions must be individually initialled by the members, failing which they will not have been validly effected. The person whose name appears first on the form of proxy and who is present at the annual general meeting shall be entitled to act as proxy to the exclusion of the persons whose names follow.

3. Voting instructions for each of the resolutions must be completed by filling in the number of votes (one per ordinary share) under the "In favour of", "Against" or "Abstain" headings of the Proxy form. If no instructions are filled in on the Proxy form, the chairman of the annual general meeting, if the chairman is the authorised proxy, or any other proxy shall be authorised to vote in favour of, against or abstain from voting as he/she deems fit.

4. A member or his/her proxy is entitled but not obliged to vote in respect of all the ordinary shares held by the member. The total number of votes for or against the ordinary and special resolutions and in respect of which any abstention is recorded may not exceed the total number of shares held by the member.

5. If this form has been signed by a person in a representative capacity, the document authorising that person to sign must be attached, unless previously recorded by the company's transfer secretaries or waived by the chairman of the annual general meeting.

6. The chairman of the annual general meeting may reject or accept any form of proxy that is completed and/or received other than in accordance with these instructions and notes.

7. Any alterations or corrections to this form of proxy have to be initialled by the signatory/ies.

8. The completion and lodging of this form of proxy does not preclude the relevant member from attending the annual general meeting and speaking and voting in person to the exclusion of any proxy appointed by the member.

9. Forms of proxy have to be lodged with or posted to the company, c/o Computershare Limited, 70 Marshall Street, Marshalltown 2001 (PO Box 61051, Marshalltown 2017) to be received by not later than 10h00 on Tuesday, 2 December 2003.

10. This proxy form is to be completed only by those members who either still hold shares in a certificated form, or whose shares are recorded in their own name in electronic dematerialised form in the register.

11. Shareholders whose dematerialised shares are held in the name of a nominee and wish to attend the annual general meeting must contact their Central Securities Depository Participant ("CSDP") or broker who will furnish them with the necessary letter of authority to attend the annual general meeting. Alternatively they have to instruct their CSDP or broker as to how they wish to vote. This has to be done in terms of the agreement between the shareholder and the CSDP or the broker, in the manner and cut-off time stipulated there.

12. Shareholders who wish to attend and vote at the meeting must ensure that their letters of authority from their CSDP or broker reach the transfer secretaries not later than 10h00 on Tuesday, 2 December 2003.

Tiger Wheels Ltd. Group

An association of like-minded people, with a common passion for the auto industry, customers and excellence – having specific focus on the wheel and tyre industries.

Incorporating