ANNUAL REPORT 2000

AFRICA GLASS INDUSTRIES LTD

LOCAL & OFFSHORE

SUSTAINABLE GROWTH

INNOVATIVE

VALUE ADDED

SYNERGISTIC

ORGANIC GROWTH

SUSTAINABLE OPPORTUNITY

CONTENTS

VISION

Africa Glass' vision is to build, on its solid foundation, a leading global value added glass manufacturer and global wholesale distributor by continuing to:

- target markets correctly
- tailor capacities correctly to market size
- deliver right first time on time
- develop its human resources
- preserve its culture of entrepreneurial endeavour
- remain dedicated to maximising stakeholder benefits.

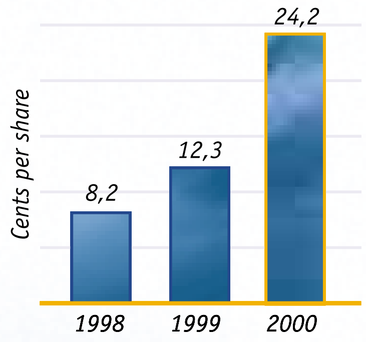
AWARDS

1999	Special Presidential Award for contribution to The Reconstruction and Development Programme
1993	Best South African Non-listed Company Award
1993	State President's Export Achievement Award
1989	Best South African Non-listed Company Award – Runner-up
1989	State President's Export Achievement Award

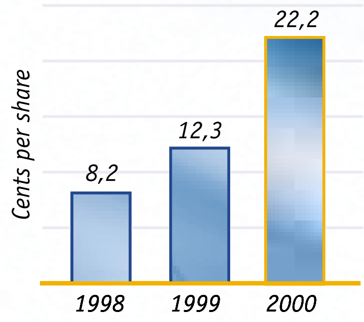
Web Site : www.afglass.co.za

FINANCIAL HIGHLIGHTS

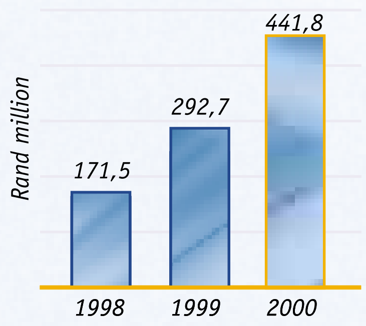
EARNINGS PER SHARE (EPS)



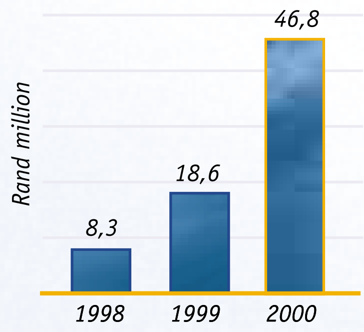
HEADLINE EPS



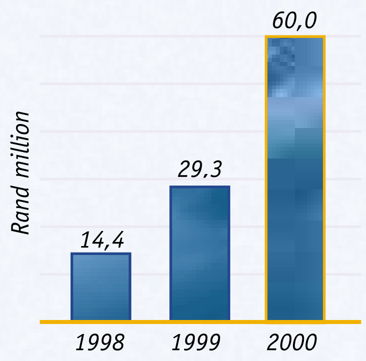
REVENUE



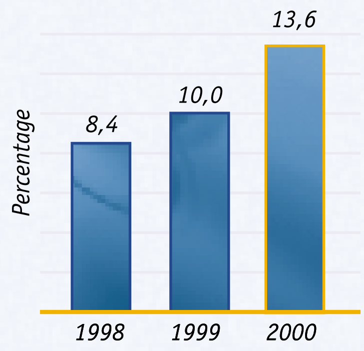
NET PROFIT



PROFIT FROM OPERATIONS



OPERATING MARGIN



SUSTAINABLE GROWTH STRATEGY

STRONG AND COMMITTED MANAGEMENT TEAM

Entrepreneurial • Energised • Focused
Committed • Stable • Experienced

DEFINED GOALS

- Sustained Global Growth
- Value Added Focus
- Higher Margins

FOCUSED STRATEGY

TARGET VALUE ADDED MARKETS
by matching product range to global value added product trends

TRAP MARGIN
by vertically integrating within fabrication and distribution market

GROW MARKET SHARE
by organic and acquisitive means

SUSTAINABLE GROWTH FORMULA

A STRONG AND COMMITTED MANAGEMENT TEAM → PURSUING DEFINED GOALS → THROUGH A FOCUSED STRATEGY

SYNERGISTIC ACQUISITIONS

Synergistic acquisitions are those acquisitions which deliver far more profit than their own returns.

INTERNATIONAL GROWTH PLAN

1. *Replicate proven distribution formula*
2. *Employ strategic players to capture market share*
3. *Acquire established value added glass fabricators*
4. *Expand range to include all Group value added products*

SUSTAINABLE GROWTH

DOMESTIC GROWTH PLAN

1. *Add to value added product range*
2. *Target strategic industry players*
3. *Deploy production cost advantages to gain market share*
4. *Vertically integrate within secondary market.*

SUSTAINED ORGANIC GROWTH

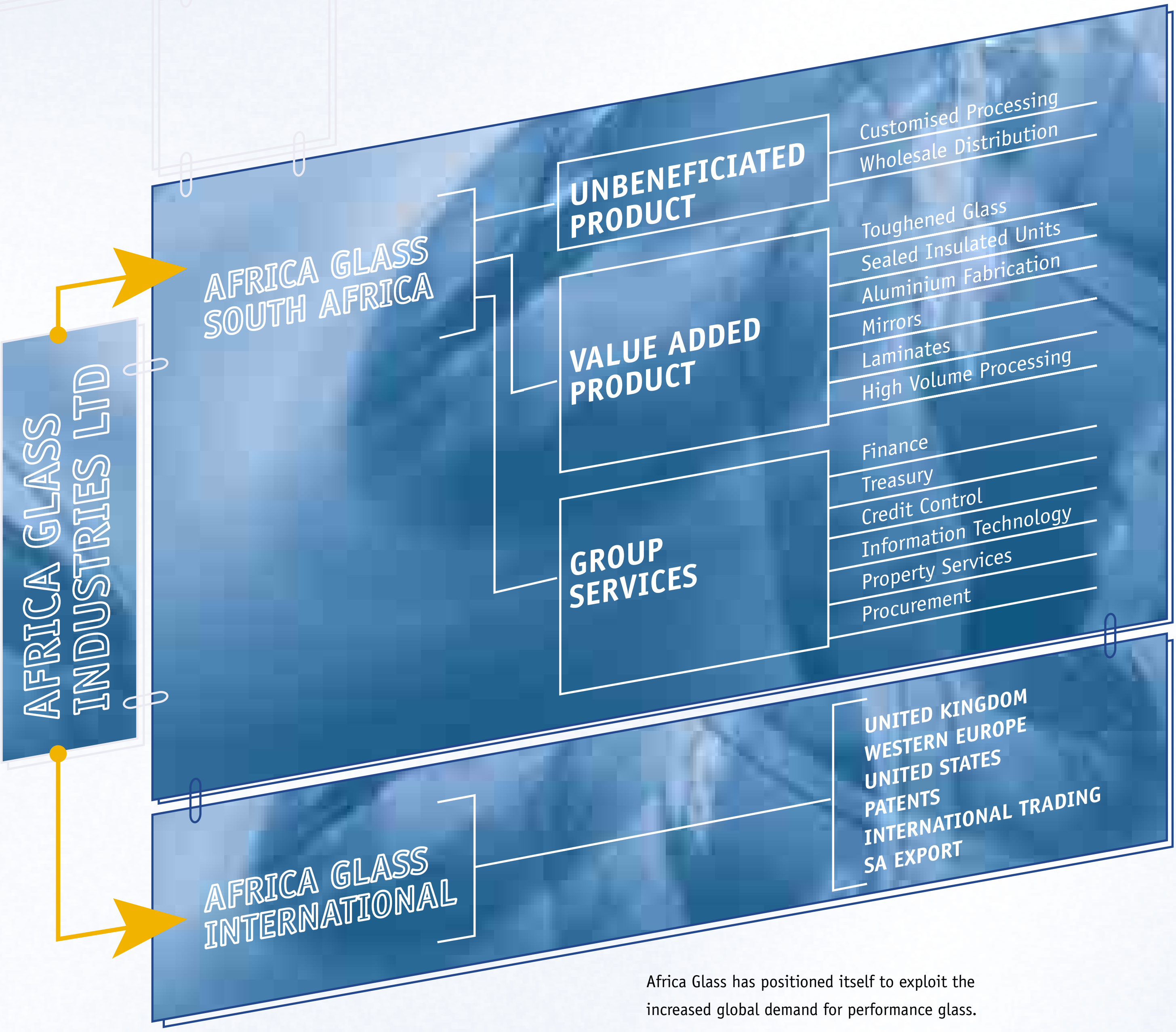
Organic growth is sustained by expanding product ranges, trapping manufacturing and distribution margins within the Group and exploiting proprietary manufacturing technology.

WHICH EMPLOYS ORGANIC AND ACQUISITIVE MEANS

IN TERMS OF A DEFINITIVE PLAN

TO DELIVER SUSTAINABLE GROWTH

AFRICA GLASS AND THE GLASS MARKET



Africa Glass fabricates value added performance products which it distributes together with a wide raw glass range.

Africa Glass is an international group located at 51 sites.

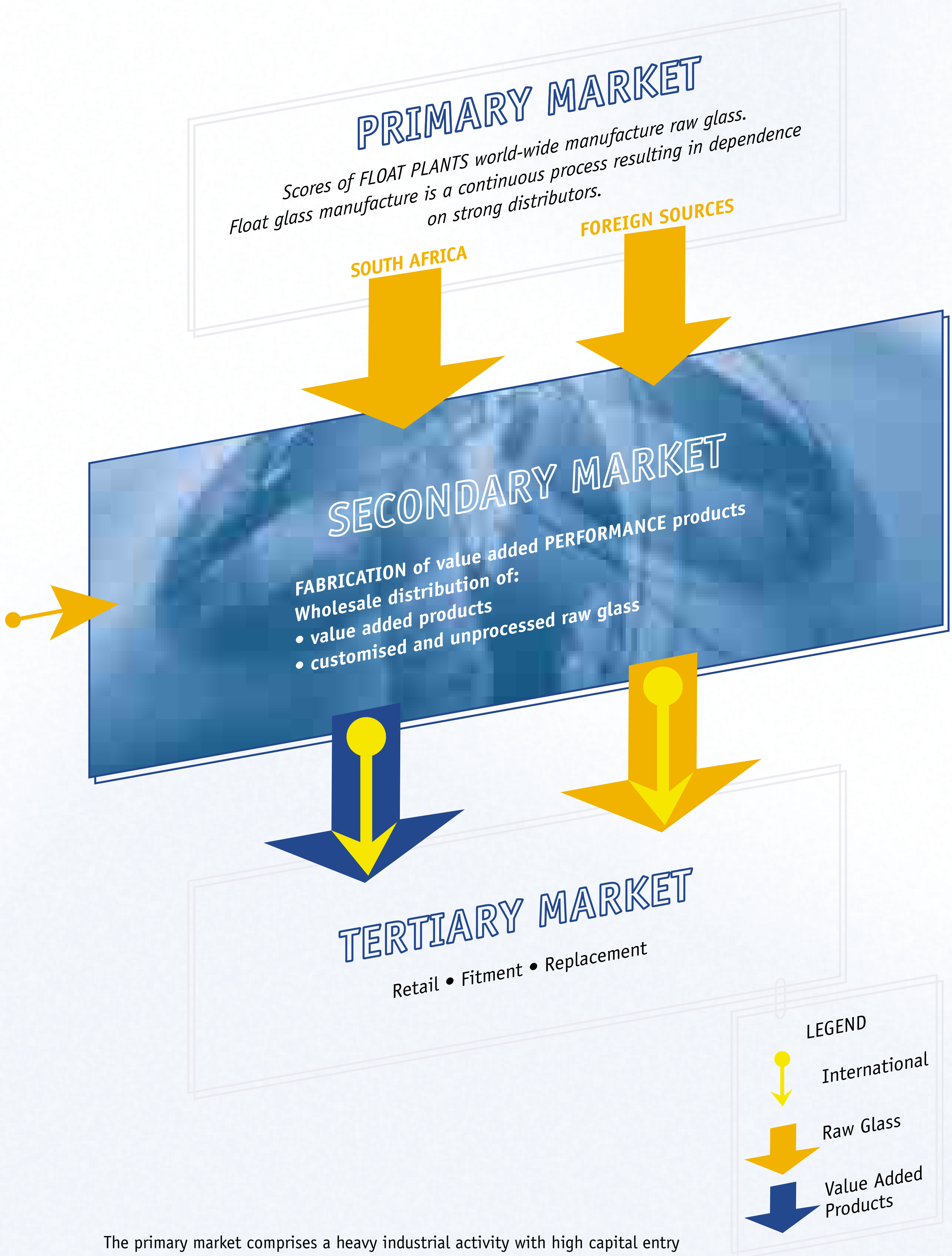
Africa Glass currently generates approximately 22% of its revenue in foreign currency.

Africa Glass has positioned itself to exploit the increased global demand for performance glass.

Africa Glass has a large share of the South African flat glass market and significant stakes in several specialist niches domestically and abroad – it has supplied more than 40 countries.

Africa Glass was listed on the Johannesburg Stock Exchange on July 14, 1999 when it raised R50,5 million.

Africa Glass' growth plans include increasing domestic market share and aggressive international expansion.



The primary market comprises a heavy industrial activity with high capital entry costs required to build float tanks which produce raw glass from sand, soda ash and various other inputs.

The secondary market comprises light to medium industrial activity in which raw glass is converted into value added products including mirrors, laminated glass, toughened glass, sealed insulated glass units, sound attenuating glass, shower doors, patio doors and associated products.

MATCHING PRODUCT TO GLOBAL TRENDS

MARKET TRENDS

POPULATION DENSITY
INCREASES

↓

MORE CONFINED
LIVING/WORKING SPACES

↓

REQUIRES:
IMPROVED ERGONOMICS
IMPROVED ECONOMY
IMPROVED AESTHETICS
IMPROVED VISIBILITY

↓

TO MEET NEED FOR:
MORE NATURAL LIGHT
ILLUSION OF SPACIOUSNESS
GREATER TRANSPARENCY
IMPROVED PRODUCT VISIBILITY

↓

RESULTING DEMAND FOR:
LARGER NATURAL LIGHT SPACES.

MARKET CHALLENGES

UNBENEFICIATED GLASS IS NOT
AN EFFICIENT INSULATOR
OF TEMPERATURE OR SOUND,
NOR A SOLAR RADIATION INHIBITOR

↓

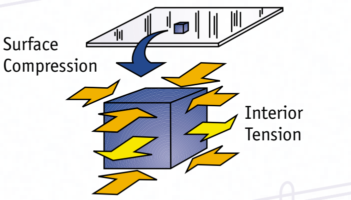
VALUE ADDED FABRICATION
REQUIRED TO CONVERT RAW GLASS
INTO PERFORMANCE PRODUCTS.

↓

AFRICA GLASS APPLIES INNOVATION
IN THE FABRICATION OF FIRST WORLD
PRODUCTS USING PROPRIETARY
PROCESSES WHICH ENSURE
SIGNIFICANT COST ADVANTAGES.

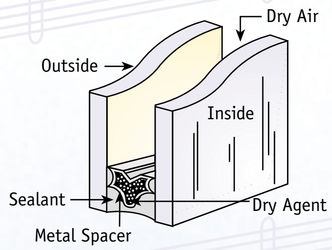
UNIQUE AND INNOVATIVE RESPONSES TO CHALLENGES

PRODUCT APPLICATIONS



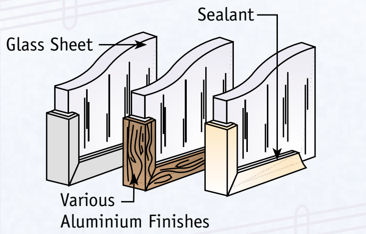
TOUGHENED SAFETY GLASS

A tempering furnace toughens raw glass to 5 times normal strength creating a safety product which, if fractured, breaks into small particles preventing injury from shards.



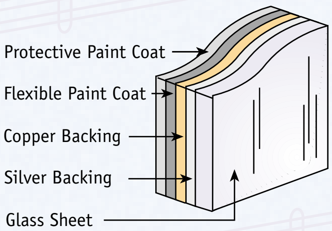
SEALED INSULATED (DOUBLE GLAZED) UNITS

Units comprising two pieces of glass with a dividing gap fixed into a sealed insulated unit creating highly effective sound and temperature insulating panels.



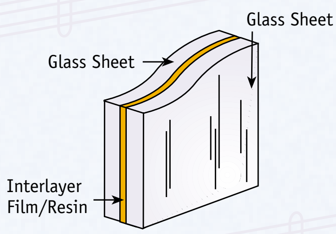
ALUMINIUM AND GLASS FABRICATIONS

Glass and extruded aluminium sections (some finished with a unique coat of wood-grain or other decorative patterns) are fabricated into patio doors, windows, shower doors and conservatories.



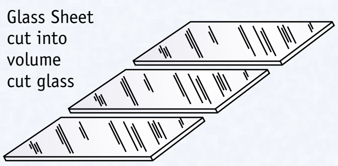
MIRRORS

A modern double paint coat system manufactures products to exacting international standards.



LAMINATED SAFETY/SECURITY GLASS

Two sheets of glass are bonded together using one of two proprietary processes, the first employing a resin interlayer and the other a vinyl interlayer to create performance, sound and temperature insulating products as well as safety and security products.



PICTURE FRAME/VOLUME CUT GLASS

A highly cost effective network of cutting and polishing machines process vast volumes of glass to tolerances of less than 0,5 mm predominantly for the European picture frame market.

PRODUCT APPLICATIONS

TOUGHENED SAFETY GLASS
Aluminium Fabricators
Furniture Industry
White Goods
Shop Fronts
Auto Market

Discovery Health Offices

Verimark Office

SEALED INSULATED (DOUBLE GLAZED) UNITS
Refrigeration Industry
Noise Sensitive Areas
Airports

Midrand BMW Motorcycle Showroom

Momentum Head Office

Johannesburg International Airport Arrival/Departure Nodes

Bank City, Johannesburg

ALUMINIUM AND GLASS FABRICATIONS (TOUGHENED SAFETY GLASS)
Shower Doors
Patio Doors
Aluminium Windows
Conservatories

MacDonalds use White Powder Coated Aluminium

Aluminium Frame for shower door

MIRRORS

Furniture Industry
New Buildings
Renovations

Sunward Park
Health and Racquet

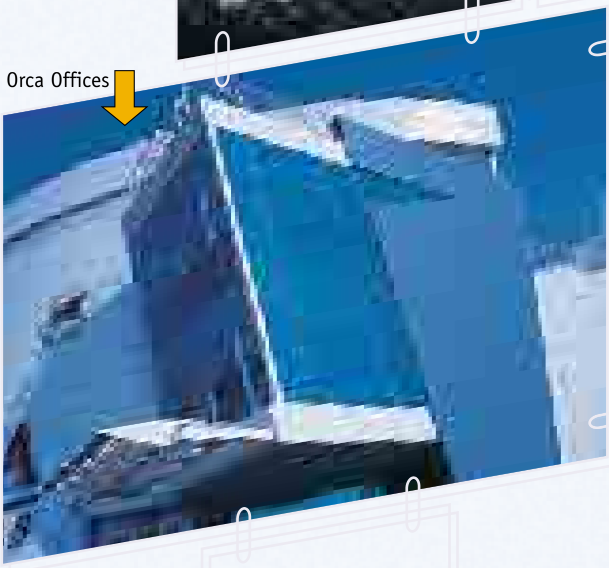
LAMINATED SAFETY/ SECURITY GLASS

Heat Reducing Glass
Anti-Glare Glass
Sound Reducing Glass
Intruder Resistant
Banks
Armoured Vehicles

Decorating Centre

MGX Offices

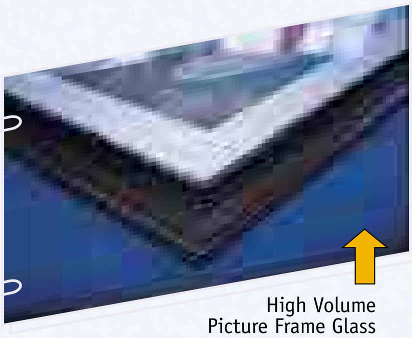
Orca Offices



Eastwood Office Park

PICTURE FRAME/ VOLUME CUT GLASS

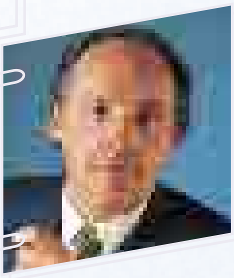
Picture Frame Glass
Cut-to-size Mirrors
Cut-to-size Glass for Toughening



High Volume
Picture Frame Glass

BOARD OF DIRECTORS

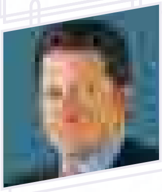
Standing: J B Rosenberg, B E Danoher, T Y Worthington
Seated: J Martingano, A A Barrell, M J E Geldenhuys, H R Levin



EXECUTIVE CHAIRMAN
Alex Anthony Barrell (49)

Years in the industry – 24
Years with Africa Glass – 20
Member of Audit Committee
Chairman of Remuneration Committee

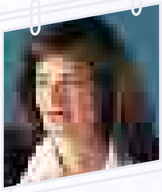
Alex Barrell's entire business career has been in the glass industry. Alex has led the Group from modest beginnings in 1980 at 300 square metre premises in Johannesburg to its current global form. Alex is widely travelled and has countless associations throughout the international glass industry. He is an incisive strategic thinker and employs an entrepreneurial management style.



EXECUTIVE DIRECTOR
GROUP FINANCIAL DIRECTOR
Jonathan Burrel Rosenberg (45)

B.Acc, M.Comm, CA (SA)
Years in the industry – 10
Years with Africa Glass – 10

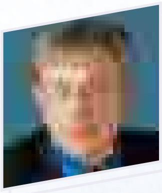
After qualifying as a Chartered Accountant in 1980 Jonathan Rosenberg became a member of the Johannesburg Stock Exchange where he remained a broking member for most of the 1980s gaining extensive investment and corporate financial experience. Since 1990 he has been the Group's Financial Director. He is responsible for the Group's corporate finance and corporate development functions.



EXECUTIVE DIRECTOR
GROUP COMMERCIAL DIRECTOR
Jackie Martingano (33)

B.Compt. (Hons)
Years in the industry – 11
Years with Africa Glass – 11

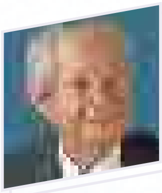
Jackie Martingano joined Africa Glass in 1989 after four years in commerce. She qualified while employed by Africa Glass where she has had successive management positions in which she has gained an intimate knowledge of all Group operations. She is responsible for the Group's finance and internal control.



EXECUTIVE DIRECTOR
GROUP TREASURY DIRECTOR
Michael John Edward Geldenhuys (39)

B.Comm. (Hons)
Years in the industry – 4
Years with Africa Glass – 4

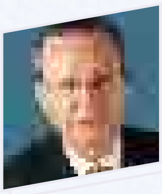
Michael Geldenhuys' business career until he joined Africa Glass in 1997 was in banking where he achieved a senior management position and obtained commercial experience and specialised knowledge of treasury and risk management. He is responsible for the Group's treasury management.



EXECUTIVE DIRECTOR
Timothy York Worthington (69)

Years in the industry – 41
Years with Africa Glass – 14

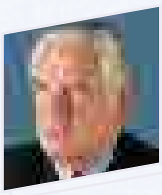
Timothy Worthington's entire business career has been in the South African glass industry of which he is regarded as a doyen. Having managed the Group's Natal operations for many years, he is currently the Group's operations "troubleshooter".



NON-EXECUTIVE DIRECTOR
ATTORNEY AND DIRECTOR
Hymie Reuvin Levin (55)

B.Comm., LLB., LLM.,
H.Dip.Co.Law, H.Dip.Tax
Years associated with
Africa Glass – 18
Chairman of Audit Committee
Member of Remuneration Committee

Hymie Levin, the Group's legal counsel, is a commercial and tax attorney and a director of several listed companies. His immense expertise and wide experience have contributed significantly to the Group's progress in the 18 years during which he has been associated with the Group.

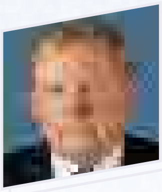


NON-EXECUTIVE DIRECTOR
CONSULTANT – GLASS INDUSTRY
Bryan Eric Danoher (71)

Years in the industry – 45
Years associated with Africa Glass – 15
Member of Audit Committee
Member of Remuneration Committee

Bryan Danoher's entire working career has been in the international glass industry, for many years as the Managing Director of a glass manufacturing organisation. His knowledge and experience of the industry is extensive and his contribution highly valued.

MANAGING DIRECTORS



MANAGING DIRECTOR
Africa Glass SA Holdings (Pty) Ltd
Jeffrey Charles Saville (53)

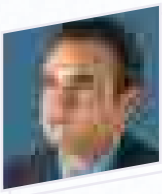
Years in the industry – 31
Years with Africa Glass – 15

Jeffrey Saville's entire business career has been in the South African glass industry where he has served as a managing director for 20 years both prior to and during his time at Africa Glass. His associations within and experience of the South African glass market make him a leading figure in the industry.

MANAGING DIRECTOR
Africa Glass International Holdings Incorporated
Marcio Pingo (44)

Years in the industry – 25
Years with Africa Glass – 14

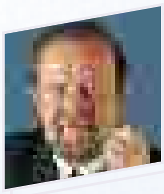
Marc Pingo left Zimbabwe in 1982 to join the glass industry in South Africa. He joined Africa Glass four years later where he has served in numerous Group manufacturing and export capacities gaining an intimate knowledge of Africa Glass' operations and products. His broad range of associations in the international glass market qualify him well for his current position.



MANAGING DIRECTOR
Dowse Aluminium (Pty) Ltd
Clive Paul Kalil (45)

Years in the industry – 25
Years associated with Africa Glass – 15

Clive Kalil joined the glass industry early in his working career and remained there for 11 years before establishing, in 1983, Kal Aluminium of which he has since been the Managing Director. He is one of two key players in the South African aluminium door and window fabrication market and an energetic contributor to the Group's general progress.

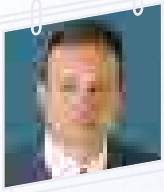


MANAGING DIRECTOR
Clearway Holdings (Pty) Ltd
Jan Theophiel Aerts (53)

Years in the industry – 31
Years associated with Africa Glass – 1

Theo Aerts joined the aluminium industry in Belgium in 1969. From 1973 he spent six years in the South African metal industry before joining in the formation of Clearway in 1979. Serving in manufacturing and distribution capacities in Clearway, he assumed control of Clearway in 1993 and has since led its evolution into the largest volume operator in the South African aluminium door and window fabrication market. He is the second key player in this market.

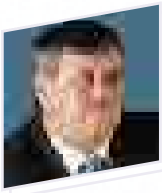
DIVISIONAL MANAGEMENT



DIRECTOR – GLASS HOUSE
Africa Glass SA Holdings (Pty) Ltd
John Euclid Tenderini (40)

BA LLB
Years in the industry – 12
Years with Africa Glass – 12

After qualifying and spending a year in the legal profession, John Tenderini joined Africa Glass in 1988. His intimate knowledge of the Group's product qualifies him to lead the Glass House, a specialised project team focused on marketing performance architectural products.



DIRECTOR – WESTERN CAPE
Africa Glass Distribution (Pty) Ltd
Peter John Featherstone (51)

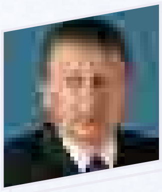
Years in the industry – 30
Years with Africa Glass – 11

Except for two years in the auto industry John Featherstone's entire business career has been in the South African glass industry. In that time he has had several management positions in marketing, manufacture and distribution, since 1989 with Africa Glass. He has successfully headed the Western Cape division since 1995.

DIRECTOR – CREDIT
Africa Glass Group Services (Pty) Ltd
Rodney Steven de Bruin (43)

Years in the industry – 10
Years with Africa Glass – 10

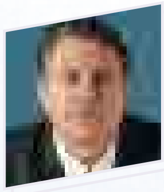
After 14 years in commerce where he gained banking and credit management experience, Rodney de Bruin became the Group's Credit Manager in 1990. He is responsible for a remarkable credit record and leads a well trained team, fully conversant with all major glass industry customers.



DIRECTOR – IT
IT FOR AFRICA (Pty) Ltd
Tobias Jacobus (Robert) Grobbelaar (40)

B.Sc. Eng, Dip. Datametrics
Years in the industry – 6
Years with Africa Glass – 6

After qualifying in 1984, and spending ten years consulting in engineering IT capacities, Robert Grobbelaar joined the Group in 1994 to develop Africa Glass' online glass management system. The system is a key element in the Group's ability to efficiently manage its global operations.



DIRECTOR – KWAZULU-NATAL
Africa Glass Distribution (Pty) Ltd
Geoffrey Douglas McCann (43)

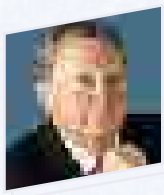
Years in the industry – 22
Years with Africa Glass – 9

Geoffrey McCann's entire business career has been in the glass industry. Since joining Africa Glass in 1990, he has served in several management capacities in the Natal hub. In 1999 he assumed management responsibility for the KwaZulu-Natal region.

DIRECTOR – REGIONAL DISTRICTS
Africa Glass Distribution (Pty) Ltd
Johann Wilhelm Christiaan Mostert (53)

BA
Years in the industry – 21
Years with Africa Glass – 12

After graduating and spending ten years in commercial and marketing management positions, in 1978 Johann Mostert moved to the glass industry, joining Africa Glass in 1989. Since then he has served in successive marketing managerial positions and has led the Regional Districts division since 1997.



DIRECTOR – NORTHERN PROVINCE
Africa Glass Distribution (Pty) Ltd
Mark Saville (48)

Years in the industry – 26
Years with Africa Glass – 17

Mark Saville's entire business career has been in the glass industry, since 1983 with Africa Glass. He has an intimate knowledge of distribution in the secondary glass market. Mark leads the key Pretoria division which distributes throughout the Northern Province and Mpumalanga.

FIVE YEAR FINANCIAL REVIEW

JUNE 30	2000 R'000	1999 R'000	1998 R'000	1997 R'000	1996 R'000
ABRIDGED INCOME STATEMENT					
Revenue	**441 788**	292 719	171 518	162 655	149 439
Profit from operations	**60 024**	29 330	14 384	14 805	14 173
Net finance costs	**(2 165)**	(9 379)	(5 872)	(6 110)	(3 448)
Income from associates	**2 276**	1 723	2 509	594	133
Taxation	**(12 980)**	(2 767)	(1 904)	(745)	(3 751)
Outside shareholders' interest and preference dividends	**(379)**	(300)	(845)	(484)	(922)
Net profit for the year	**46 776**	18 607	8 272	8 060	6 185
ABRIDGED BALANCE SHEET					
Non-current assets	**154 831**	97 609	35 693	27 804	23 295
Current assets	**196 819**	120 085	94 822	103 356	79 043
Total assets	**351 650**	217 694	130 515	131 160	102 338
Shareholders' equity	**211 054**	94 139	44 579	37 430	29 950
Shareholders' and vendors' loans	**12 012**	1 912	10	4 065	5 665
Outside shareholders' interest	**568**	301	4 697	4 233	3 776
Preference share capital and premium	**700**	700	700	700	700
Total equity and loans	**224 334**	97 052	49 986	46 428	40 091
Non current liabilities	**10 426**	9 502	7 341	6 997	5 524
Current liabilities	**116 890**	111 140	73 188	77 735	56 723
Total equity and liabilities	**351 650**	217 694	130 515	131 160	102 338
ABRIDGED CASH FLOW					
Changes in working capital	**(25 646)**	(6 456)	1 795	(8 309)	(8 549)
Cash inflow/(outflow) from operating activities	**28 995**	12 206	11 410	(5 522)	1 588
Cash outflow from investing activities	**(49 613)**	(58 847)	(8 698)	(2 524)	(6 052)
Cash inflow/(outflow) from financing activities	**71 283**	42 178	(3 844)	(270)	4 342
Increase/(decrease) in cash and cash equivalents	**50 665**	(4 463)	(1 132)	(8 316)	(122)

SEGMENTAL REVIEW AND RATIOS

	2000 R'000	1999 R'000
SEGMENTAL REVIEW		
GEOGRAPHICAL		
Revenue:		
• Southern Africa	**345 634**	214 489
• Europe and the U.S.A.	**96 154**	78 230
	441 788	292 719
Operating profit:		
• Southern Africa	**47 710**	21 409
• Europe and the U.S.A.	**12 314**	7 921
	60 024	29 330
Number of employees:		
• Southern Africa	**1 012**	790
• Europe and the U.S.A.	**63**	58
	1 075	848
SEGMENTAL		
Revenue		
External and inter-segment sales:		
Unbeneficiated products	**226 645**	213 460
Value-added products – Glass	**102 714**	88 838
Value-added products – Aluminium	**156 779**	50 453
Services	**19 800**	–
	505 938	352 751
Inter-segment sales eliminated	**(64 150)**	(60 032)
Total revenue	**441 788**	292 719

STATISTICS AND RATIOS	**2000**	1999	1998	1997	1996
Share Statistics					
Shares in issue ('000)	**191 490**	145 161	101 435#	101 435#	101 435#
Weighted average number of ordinary shares in issue ('000)	**193 628**	151 600	101 435	101 435	101 435
Earnings per ordinary share (cents)	**24,2**	12,3	8,2	8,0	6,1
Headline earnings per ordinary share (cents)	**22,2**	12,3	8,2	8,0	6,1
Dividend paid per ordinary share (cents)	**2,4***	1,7*	1,0	0,7	0,9
Net asset value per ordinary share (cents)	**108**	65	44	37	30
Number of employees	**1 075**	848	589	576	543
Selected Ratios					
Interest bearing borrowings to shareholders' equity	**6,8%**	51,9%	89,7%	103,3%	97,1%
Interest bearing borrowings to shareholders' funds and loans	**6,8%**	50,8%	80,0%	83,3%	72,6%
Return on shareholders' equity	**22,2%**	19,8%	18,6%	21,5%	20,7%
Return on total assets	**13,3%**	8,6%	6,3%	6,2%	6,0%
Revenue per employee (R'000)	**411**	345	291	282	275
Assets per employee (R'000)	**327**	257	222	228	188
Operating margin	**13,6%**	10,0%	8,4%	9,1%	9,5%
Current ratio (times)	**1,7**	1,1	1,3	1,3	1,4
Quick ratio (times)	**1,1**	0,7	1,0	0,9	1,1

*Dividend declared in respect of year ended June 30, 2000 – 5,5 (1999: 2,4) cps (Refer Directors' Report on page 34)
#After taking into account an 8:1 split of 12 679 425 ordinary shares which were then in issue

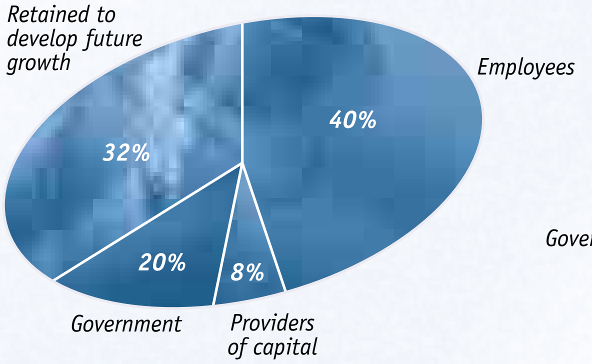
VALUE ADDED STATEMENT

June 30	2000 R'000	%	1999 R'000	%
VALUE ADDED				
Wealth created				
Revenue	441 788		292 719	
Cost of goods and services net of other income	308 076		206 726	
Value added	133 712		85 993	
Interest received	4 962		6 788	
	138 674	100,0	92 781	100,0
Wealth distributed				
To employees as salaries, wages and other benefits	63 380		50 934	
To providers of capital as interest	7 127		16 167	
To shareholders as dividends	4 679		2 612	
To outside shareholders	267		188	
To government as taxation	12 980		2 767	
	88 433	63,8	72 668	78,3
Retained to develop future growth				
Depreciation	8 801		4 814	
Retained earnings after dividend distribution	41 440		15 299	
	50 241	36,2	20 113	21,7
	138 674	100,0	92 781	100,0

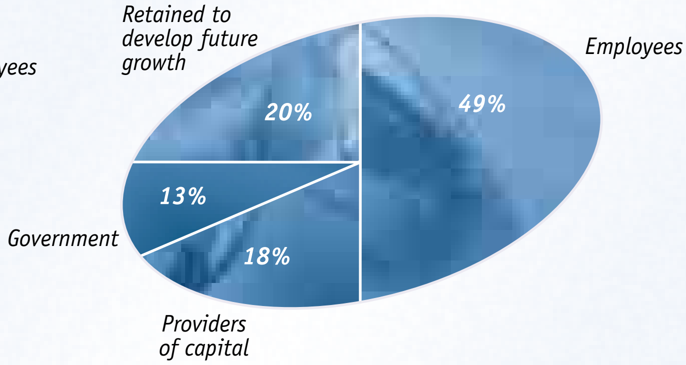
Note: The above amounts exclude the effects of value added taxation.

MONEY EXCHANGES WITH GOVERNMENT	2000 R'000	%	1999 R'000	%
Taxation				
Paid to governments (direct taxes on income)	12 980		2 767	
Collected on behalf of, and paid over to governments				
– Employees taxation	11 607		6 299	
– Regional services council levies	799		508	
– Unemployment fund, workman's compensation and skills development levy	2 137		537	
– Withholding taxes	93		142	
– Net value added taxation (VAT)	5 092		2 946	
Total	32 708		13 199	

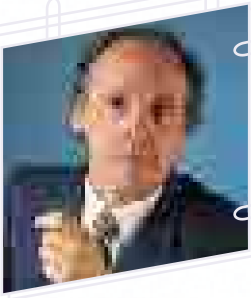
VALUE ADDED 2000



VALUE ADDED 1999



CHAIRMAN'S STATEMENT



Alex Barrell
Executive Chairman

I am delighted to report on Africa Glass' maiden listed results following its listing on July 14, 1999. These results represent Africa Glass' 18th consecutive year of profits and a year of all time record earnings. Attributable earnings grew by 151% to R46,8 million on the back of a 105% rise in operating profits from R29,3 million to R60,0 million and led to earnings per share growth of 97%. All revenue and earnings forecasts published in the Listing Prospectus were exceeded with earnings of 24,2 cents per share (Listing Prospectus forecast: 22,0 cents per share) and headline earnings of 22,2 cents per share (Listing Prospectus forecast: 22,0 cents per share) being achieved.

The results are particularly pleasing when viewed in light of the progress which has been made over the past three years. Operating margins have risen by 62% over the past two years and revenue by more than two-and-a-half times. This has contributed to a four-fold increase in operating profit and attributable earnings almost six times greater than those achieved for the 1998 financial year.

However, most rewardingly, the results for the period under review endorse the effectiveness of Africa Glass' "sustained growth strategy" and confirm the ability of our management and staff to execute that strategy effectively.

THE ESSENCE OF AFRICA GLASS' SUSTAINED GROWTH STRATEGY

Africa Glass' sustained growth formula is driven, ultimately, by depth of a strong management team committed and focused on defined goals which are pursued by executing a focused strategy employing both organic and acquisitive means to implement a definitive plan. This formula is responsible for our sustained international and domestic growth.

The goals which drive the strategy are:

- sustained global growth;
- value added product growth; and
- higher margins.

The essence of the strategy which Africa Glass employs to achieve these goals is:

- **Targeting Value Added Markets**

  Flowing from higher population density and space confinement, global architectural trends dictate larger light spaces in windows and doors both internally and externally to permit increased levels of natural light for ergonomic, economic and aesthetic reasons. As glass is not naturally an effective inhibitor of sound, temperature or solar radiation, this trend demands value added glass products which offer the required attributes. It is these value added products, used with equal effect in architectural and non-architectural applications, which generate significantly higher margins than does unbeneficiated glass;

CHAIRMAN'S STATEMENT

- **Trapping Margin**

  Africa Glass has concentrated its development in the secondary glass market where value is added to raw glass in various fabrication processes and where those value added products and unbeneficiated products alike are distributed on a wholesale basis. Africa Glass has limited itself to horizontal expansion within this market, avoiding both the primary market, where raw glass is manufactured, and the tertiary market, where retail and fitment occurs. Nonetheless, there is significant scope for vertical integration within the fabrication and distribution markets in which Africa Glass has chosen to concentrate. By driving as many as possible of its manufactured products to its own distribution operations and by manufacturing as many as possible of its distribution division's product requirements, the margin is "trapped" in the Africa Glass system. This manifests in higher operating margins;

- **Growing Market Share**

  Both acquisitive and organic means are employed here. Acquisitions are limited to those which are synergistic in the added benefits which they deliver. Organic growth is generated through the expansion of Africa Glass' performance product range and in the exploitation of Africa Glass' strategic cost advantages. These strategic advantages are, in the main, secured by proprietary rights in respect of innovative processes used in the manufacture of value added products.

Africa Glass' sustained growth strategy is distilled into a definitive annual plan for both international development and domestic growth.

STRATEGIES IMPLEMENTED DURING THE YEAR

Synergistic Acquisitions

The most significant implementation in Africa Glass' strategic plan for the year under review was the consummation of the long sought after Clearway acquisition. Clearway is an extruder of aluminium profiles and a fabricator of glass and aluminium doors and windows. The business is complementary to Africa Glass' existing aluminium operation, Kal Aluminium, which is Clearway's main competitor and similarly focused but for aluminium extrusion which is confined to Clearway. While Clearway is profitable in its own right, by far the more compelling motivation for the acquisition is the synergistic benefits which result. The margin trapped for Africa Glass by this acquisition, and the added raw glass purchasing power which the Clearway volumes deliver, yield benefits far in excess of the profitability of Clearway itself. When the acquisition was made, it was announced that the transaction was concluded at an effective price earnings multiple of 3.6 times. Taking into account the synergistic benefits and Clearway's own performance, the forward price earnings multiple is significantly less.

I have dwelt on the Clearway acquisition firstly to demonstrate Africa Glass' adherence to its focused strategy and, secondly, to illustrate the type of acquisition which Africa Glass seeks, that is acquisitions promising benefits which deliver to Africa Glass profits far in excess of those generated by the acquired businesses themselves.

As regards the "bedding down" of Clearway in the Africa Glass Group, the implementation of Africa Glass' integrated I.T. management system as well as its internal control and treasury management procedures are proceeding according to plan. As a final word on Clearway, and by no means least of all, for the year under review, Clearway exceeded its profit expectations.

Other acquisitions made during the course of the year under review include the outstanding shares in The Aluminium Connection, an associate held for some time by Kal Aluminium, and a small scale manufacturer acquired during the closing stages of the year. These transactions capture for Africa Glass the secured offtake of and an additional avenue for the sale of value added product.

Organic Growth

During the year under review Africa Glass invested R2,6 million in high tech computerised glass cutting equipment which improves the efficiency and profitability of customised glass conversion, particularly complex shapes. This added depth to Africa Glass' performance product range and improved processing speeds to yield greater efficiency in toughened glass throughput.

Also during the year, a new distribution division was established which specialises in high value processed products.

Particularly robust growth occured in KAL Aluminium which, like Clearway, exceeded its profit expectations.

The South African unbeneficiated product division also returned a substantial increase in profits.

CORPORATE DEVELOPMENT

Like the balance of the Africa Glass Group, the Group Services Division is driven by the achievement of returns. Strong performance by the Group's treasury operation, tight credit control procedures, further deployment of the Group's integrated I.T. glass management system and a satisfactory year for the centralised procurement function, all contributed to the profit generated.

During the year under review, Group Services also reorganised the Group's property exposures, eliminating residual interests, and, avoiding investment in fixed property, secured satisfactory tenure at favourable rates in all of the Group's key sites. This, too, contributed to the Group's performance.

ECONOMIC AND MARKET CONDITIONS

Despite pedestrian economic performance locally and abroad, the Group performed exceedingly well. This can be attributed to a lack of cyclicality with gross domestic fixed investment industries. In turn, this is credited partly to the broad market serviced by Africa Glass' products, which includes the refrigeration, furniture, white goods, auto and home improvement markets. The market expansion which is flowing from the global trend of performance glass products and Africa Glass' strategy of raising its operating margins also contributed to a satisfactory performance in an unexciting economy.

Any recovery in the construction industry, or indeed the economy in general in South Africa, and any improvement in the performance of European economies therefore augurs well for the Group. Concerning international operations, certain divisions have enjoyed meaningful margin improvements and, as the international development plan is executed, so these margins should improve further.

FINANCIAL PERFORMANCE

International revenues accounted for approximately 22% of total revenue (1999: 30%). The lower proportion for the year under review is attributable, to some extent, to the exceptional growth in domestic revenues with the Clearway acquisition and organic growth both playing a part.

During the year under review, operating margins rose satisfactorily from 10,0% to 13,6%. Although this did not quite match the operating margin in terms of the Listing Prospectus forecast (16,0%), the achievement is nonetheless creditable.

Pursuant to the raising of R50,5 million at listing, the finance charge fell significantly. Although this was countered, to some extent, by a rise in the tax charge to 22% (1999: 13%), which is in the forecast range of 20% to 25%, the net taxed margin was significantly higher at 10,7% (1999: 6,5%).

CHAIRMAN'S STATEMENT

Maintained asset turnover and significantly lower gearing, combined with improved margins, generated a satisfactory return on equity of 22,2% (1999: 19,8%).

PROSPECTS

An expanding global market for the value added product manufactured by Africa Glass, the promise of improved economic conditions domestically, higher margins abroad and a commitment to adhere strictly to our proven strategy place Africa Glass in a better position than it has ever enjoyed to seize the opportunities which are available. We are an energised company with an established infrastructure and a depth of management that make us ready and able to forge ahead with the sustained implementation of our strategy which has proved to be a winning formula.

On the international front we will pursue the benefits we have enjoyed in South Africa by emulating our proven strategy and elevate our European business from a wholesale distributor to a value added fabricator. This will enhance our roll-out of a wider range of performance products through our United Kingdom and European outlets. We will continue development of our dialogue with the strategic traders we have identified for grass roots development in Western European countries where Africa Glass does not yet have a fixed presence; and we will continue with vigour our evaluation of UK and European acquisition opportunities, several of which are under current consideration.

Domestically, the additional margin to be yielded by the Clearway acquisition and the benefits of other recent acquisitions will manifest during the forthcoming financial year. In search of further organic growth, we will continue to seek out opportunities to vertically integrate within the glass fabrication and distribution market.

All told, we anticipate that many of our plans laid in the period under review will yield the promised benefits during the 2001 financial year and beyond and will contribute to the 30% real growth which we anticipate.

CORPORATE GOVERNANCE

Africa Glass has long subscribed to the principles set out in the King Report's Code of Corporate Practice. While Africa Glass operates in broad compliance with this Code we are progressing with the implementation of its principles in companies recently acquired.

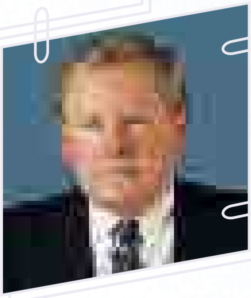
CONCLUSION

A debt of gratitude is owed to Africa Glass' management and staff alike. Rarely have I experienced such remarkable enthusiasm and consistent commitment in the achievement of a truly extraordinary goal. To my senior executives in particular I offer my heartfelt appreciation for their exceptional contribution and indeed to all our staff, thank you for a job well done!

ALEX BARRELL
Executive Chairman

September 11, 2000

OPERATIONAL REVIEW



Jeffrey Charles Saville
Managing Director – **Africa Glass SA Holdings (Proprietary) Limited**

During the year under review the Group's operating structure was modified to account for the primary geographic division of the Group's businesses. This was done in consideration of the Group's focused international growth and the need to align reporting with the different economic forces at play in South Africa and abroad. This primary segmental allocation results in the operational reporting of businesses generating SA Rands under Africa Glass South Africa while those generating hard currency revenues are combined under Africa Glass International. Africa Glass South Africa has two main divisions namely, South African Operations and Group Services.

SOUTH AFRICAN OPERATIONS

Applying the principle of determining segmental allocations by aligning common businesses, South African Operations, previously divided between Distribution and Manufacture, has been reorganised to recognise the Group's primary functions of value added manufacture and wholesale distribution. Africa Glass' laminate manufacturing facilities have always been located at its main distribution hubs. The motivation for this is the strategic competitive advantage which this delivers by containing production costs and improving service and inventory levels. This notwithstanding, the production of laminated glass is a manufacturing process operated and managed in terms of manufacturing disciplines. Therefore, with effect from the year under review, laminate production falls under the "Value Added Product" division together with toughened glass manufacture, sealed insulated unit manufacture, aluminium door and window fabrication, mirror manufacture and high volume processing, while the "Unbeneficiated Product" division combines the Group's traditional wholesale distribution and the complementary customised processing services.

South African Operations also includes "The Glass House", a specialist project team which is confined to marketing high performance architectural products manufactured by the Group and others and to capturing project work. With a head office in Gauteng, it is complemented by service centres in Durban and Cape Town. Technically skilled staff advise project teams including architects, quantity surveyors, engineers and contractors on the specifications, attributes and advantages of Africa Glass' products to ensure appropriate product application in installations. The team focuses on high performance laminated architectural products, combinations of performance products in sealed insulated units and various assemblies comprising toughened glass. The Glass House is therefore responsible for securing a high proportion of the value added product manufactured by the Value Added Product division and often sold throughout the Group.

UNBENEFICIATED PRODUCT

STRUCTURE

Unbeneficiated Product operates as a national wholesale distributor through 28 sites in all major centres. Three distribution hubs, located in Johannesburg, Cape Town and Durban, are comprehensively equipped with modern processing equipment for cutting, edge working, bevelling and drilling of flat glass products to customer order.

OPERATIONAL REVIEW

MARKET CONDITIONS

The improvement in the construction industry, which has for some time been anticipated, did not materialise during the year under review and contributed to tough trading conditions for the division. Once again, however, volumes were maintained.

Notwithstanding an unexciting market and relatively flat volume growth, the trend of increased demand for value added performance glass products, particularly those manufactured by the Group, contributed to a more than 19% increase in operating margins.

OPERATIONS

During the year under review, three new branches were opened which expanded the division's market share, by providing better "daily" service to those regions, and resulted in improved sales and margins. The additional outlets, together with a wider value added product range, raised the volume of high value products yielding improved operating margins.

An investment in glass cutting and edge working equipment at regional sites improved service in respect of customised product in those markets and freed processing equipment at the major hubs to handle higher margin value added architectural glass for contracts. This strategy also added to improved margins.

The range of high performance monolithic glass, introduced during the 1999 financial year, led to the manufacture of laminated architectural products. This, and the introduction of Glass House service centres at the coastal hubs, widened the market thrust for architectural performance products and further raised margins.

During the 2000 financial year, the division concluded the outsourcing of its fleet in line with its strategy of focusing on glass distribution rather than the logistics of delivering the product economically. This strategy also contributed to margins.

FINANCIAL PERFORMANCE

Unbeneficiated Product revenues rose by approximately 4,6% during the year under review owing to lacklustre market conditions. An almost 19% improvement in operating margins, however, contributed to an increase of just less than 23% in operating profits turning the business from a pedestrian performer into a significant contributor to South African Operations.

PROSPECTS

The change in the structure of South African Operations has resulted in a trading focus in Unbeneficiated Product with the transfer of laminate manufacture to Value Added Product. This focus, an expanding performance product market and our improved ability to service that market bode well for the 2001 year. An improvement in the construction sector would, of course, only raise these prospects.

VALUE ADDED PRODUCT

STRUCTURE

The main Value Added Product manufacturing facility is located in Denver, Johannesburg. It has four divisions:

- **Toughened Glass Manufacture**
  Toughened glass is manufactured in a tempering furnace. The product is some five times stronger than conventional glass and, if fractured, breaks into small particles to prevent injury from shards. The main applications are architectural, in the automotive, white goods and furniture industries;
- **Mirror Manufacture**
  A modern double paint coat system manufactures mirror products to exacting international standards for use in the furniture and building industries;
- **Sealed Insulated Glass Units**
  Comprising two pieces of glass with a dividing gap fixed into a sealed insulated unit, these products perform effective sound and temperature insulation mainly in the refrigeration and building industries;
- **Volume Processing, Cutting and Edge Working Facilities**
  A network of high-speed cutting and edge polishing machines process large volumes of glass to tolerances of less than 0,5mm predominantly for the European picture frame market. This division also services the cutting requirements of the mirror manufacturing plant and the toughened glass manufacturing plant. Advanced computerised

glass-cutting equipment was commissioned during the year under review. The machine improves both the efficiency and profitability of customised glass conversion, in particular complex shapes.

The Value Added Poduct division's laminated glass manufacturing facilities produce laminated glass by two different processes:

- **Liquid Laminate Manufacture**
  Three plants manufacture laminated glass bonded by a resin interlayer. For strategic reasons, these plants are located at each of Africa Glass' main South African distribution hubs in Johannesburg, Durban and Cape Town;
- **Vinyl Laminate Manufacture**
  Laminated Glass bonded by a vinyl interlayer is manufactured by a plant located at the Cape distribution hub. The vinyl laminate requirements of the interior of the country are serviced by the Group's associate, "Northern Hardware and Glass", which operates a similar vinyl laminating plant.

MARKET CONDITIONS

In an environment of unexciting economic activity, only the growth in the demand for performance products served to provide reasonable trading conditions.

OPERATIONS

Toughened glass manufacture proceeded according to plan during the year under review with the introduction of customised products, consisting of thicker glass, yielding more favourable margins.

The sealed insulated glass manufacturing division, which draws product from the toughened glass division, benefited from the increased demand for performance products given its performance advantage over alternative architectural laminated products.

In the mirror manufacturing division, the appointment of an experienced production technician from within the Group has ensured sustained manufacture of a quality product. Improvements in inventory control have resulted in a 24 hour lead time on stock with benefits for service and inventory levels. The outsourcing of the division's transport function combined with these efficiencies to deliver an improved margin. The division also exported satisfactory volumes during the financial year under review.

The bedding down of new "high-tech" processing equipment in the volume processing division contributed to pressure on margins in this division for the period under review but ensured the capacity to meet future domestic as well as export demands.

Conversely, the laminating division fared particularly well during the 2000 financial year, enjoying the benefits of an improved range of performance monolithic products available for laminating.

In all, the division's performance was acceptable given that it is now poised to take advantage of the expanding market it services and any recovery in economic conditions.

FINANCIAL PERFORMANCE

Although volumes were maintained, the commissioning of new equipment constrained margins for the period under review, which manifested in profitability for the division below targeted levels.

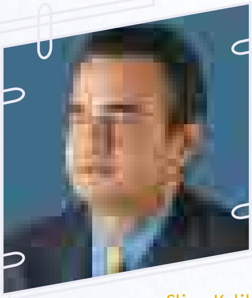
PROSPECTS

After a challenging year, the division is well placed to benefit significantly from several factors, namely:

- the acquisition of Clearway which, prior to the acquisition, was not a customer of the Group, stands to significantly increase the output of the division's toughened glass manufacturing plant which will transform the business and its profitability;
- the sophisticated glass processing equipment installed during the year under review will yield positive results during the 2001 financial year; and
- the increased demand for performance products is expected to have a significant effect on the demand for and profitability of sealed insulated units manufactured by the Group.

In all, a year of significant profit improvement is anticipated for 2001.

OPERATIONAL REVIEW



Clive Kalil
Managing Director –
Dowse Aluminium (Proprietary) Limited
(trading as "Kal Aluminium")

ALUMINIUM

The acquisition of Clearway during the year under review transformed the aluminium division, significantly increasing revenue and earnings alike. While, together, Kal Aluminium and Clearway constitute a strong force in the aluminium door and window market, they operate under independent management structures. Although Kal Aluminium emphasises the upper end of the market through its extensive product range, the businesses are complementary.

KAL ALUMINIUM

STRUCTURE

Kal Aluminium operates from two sites, one located in Alrode and the other in Cape Town. Aluminium doors and windows, including shower doors, are manufactured at both sites. Kal Aluminium also manufactures conservatories. Kal Aluminium is the pioneer of "Kal-Kote" which permits authentic wood grain and other decorative finishes to aluminium profiles. These are offered in addition to conventional anodised and powder coated finishes. Kal Aluminium distributes products nationally and more recently, commenced exporting.

During the year under review Kal Aluminium acquired the outstanding shares in The Aluminium Connection, a company which specialises in commercial contracts, flush glazing and shopfronts and utilises sealed insulated units in its product range.

Kal Aluminium has been a member of the A.A.A.M.S.A (The Association of Architectural Aluminium Manufacturers of South Africa) since 1985 and conforms to the high standards of that association. Kal Aluminium is also represented by distributors in neighbouring states including Namibia, Botswana, Angola and Zimbabwe.

MARKET CONDITIONS

Despite a generally subdued economy, the markets serviced by Kal Aluminium enjoyed excellent growth during the 2000 financial year which contributed to a substantial increase in business levels. This is attributable, in part, to the buoyant home improvement market which absorbs Kal Aluminium products.

OPERATIONS

The 2000 financial year saw a meaningful increase in Kal Aluminium's share of the aluminium door and window markets. Kal Aluminium has become more representative nationally through the appointment of several specialised distributors.

The close association between Kal Aluminium and the Africa Glass Group following the acquisition of Kal Aluminium during the 1999 financial year unleashed numerous synergies, among which are the promotion of Kal Aluminium's products through the Glass House and the supply of the Group's toughened glass to Kal Aluminium.

During the year, Kal Aluminium embarked on its export drive, commencing with shower doors of which several containers have already been exported. Also, the Kal-Kote product, introduced to the market during the 1999 financial year, gathered momentum during the year under review and, being as unique as it is, secured creditable revenue.

FINANCIAL PERFORMANCE

In a buoyant market revenues improved by almost 36% and, combined with an almost threefold increase in operating margins, Kal Aluminium exceeded its 1999 performance by almost four times. This performance surpasses all expectations.

PROSPECTS

The advent of exports by Kal Aluminium, the Kal-Kote range of products, and a new exclusive and up-market range of domestic patio doors, windows and shower doors, the development of which is currently nearing completion, together with the burgeoning market in which Kal Aluminium operates, point to repeated record earnings in the 2001 financial year.

Theo Aerts
Managing Director –
Clearway Holdings (Proprietary) Limited

CLEARWAY

STRUCTURE

Clearway comprises four operating companies, three of which are fabricators and distributors of aluminium doors and windows and one of which is an aluminium extrusion manufacturer. The acquisition of Clearway complements the Group's existing aluminium division given that Clearway targets the lower end of the market and that it manufactures its own extrusions. The extrusion manufacturing division provides the Group with sufficient independence to confidently exploit export markets without the fear of supplies being constrained. Clearway operates its fabrication businesses from three sites, two located in Roodepoort and one north of Durban. These sites also distribute product as do branches located in Bloemfontein, Springs, Pretoria and Cape Town. The extrusion manufacturing division is located at Roodepoort.

MARKET CONDITIONS

In a similar vein to the experience of Kal Aluminium, Clearway achieved all time record performances for the year under review. This is attributable to a particularly strong market in Clearway's sector also, it is believed, driven by the high growth in the home improvements market.

OPERATIONS

During the 2000 financial year Clearway opened a branch in Cape Town which obtained a useful market share in that region. Improved service levels and an increase in market share generally saw volumes rise significantly. The new business to which this increase is attributable includes a standardised window system and a significant increase in the demand for pivot shower doors, a higher margin product.

In the aluminium extrusion business, which services the general extrusion market and a portion of Clearway's business, volumes also rose. This, combined with better production controls, contributed to improved profitability.

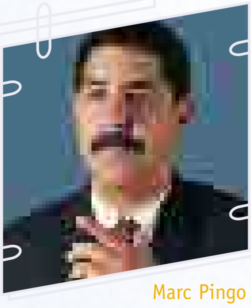
FINANCIAL PERFORMANCE

Targeting the lower end of the aluminium door and window market and given that the extrusion business has been operating below design capacity, Clearway generated a lower average operating margin than did Kal Aluminium. Nonetheless, profitability increased almost threefold during the year under review owing, mainly, to increased market share and the growing market for aluminium and glass products.

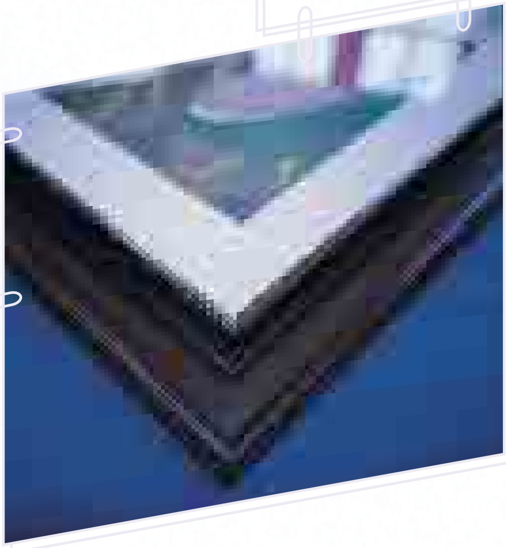
PROSPECTS

The synergies enjoyed by Africa Glass following the Kal Aluminium acquisition are expected to manifest in respect of Clearway with much greater benefit during the forthcoming financial year. This is so because Clearway only became a customer of Africa Glass at the close of the financial year. Yet Clearway is one of South Africa's largest consumers of toughened safety glass, a key product in Africa Glass' Value Added Product range. The volume and margin trapped by the Clearway acquisition together with Clearway's expanding market are expected to yield improved earnings for the forthcoming year. These earnings will be supported by high demand in the extrusion business, which now dictates an increase in output to twenty-four hour production,

OPERATIONAL REVIEW



Marc Pingo
Managing Director –
Africa Glass International Holdings Inc.



AFRICA GLASS INTERNATIONAL

The change in the segmental structure of Africa Glass to account for earnings according to the geographic/ economic regions which generate the respective revenue streams accounts for the reporting, with effect from the financial year under review, of businesses generating hard currency earnings as "Africa Glass International". Africa Glass International thus combines South African export earnings and international operations.

AFRICA GLASS EXPORT

This division engages in export trading which involves the purchase and direct consignment of glass products and is the export representative of Africa Glass' Value Added Product division. Africa Glass Export exports from South Africa direct to foreign customers and to Africa Glass' international operations. It also sources foreign manufactured product.

MARKET CONDITIONS

Africa Glass Export services markets worldwide. The factors dictating the markets to which exports are made in any year include the relative strength of the rand exchange rate in international terms and economic conditions in the target markets. During the year under review conditions in South Africa's export markets remained largely unaltered from the 1999 financial year with flat to marginally improved conditions in the United Kingdom and Europe but continued improvement in West and Southern Africa. A shift from unbeneficiated to value added products, the export of shower doors to the East and the export of sealed insulated glass units into Africa, all contributed to improved operating margins. Constraints in the availability of unbeneficiated glass caused the substitution of raw glass volumes by patterned glass. A weak South African Rand permitted markets to be maintained despite price increases, which contributed further to higher margins.

FINANCIAL PERFORMANCE

Revenue increased by 18% during the period under review, which contributed to improved profitability for the year.

PROSPECTS

The increased demand for Africa Glass' value added performance products in international markets suggests a still further improved 2001 financial year.

INTERNATIONAL OPERATIONS

STRUCTURE

No changes occurred to the structure of this division during the financial year under review. However, negotiations are now at an advanced stage with a key trader operating in Western Europe so that the roll-out of a further distribution operation is anticipated by the end of the 2000 calendar year. In addition, the acquisition of several value added European businesses is under consideration. The conclusion of any of these goals will elevate the international operating division to another dimension. The division is currently a wholesale distribution business operating from sites in the United Kingdom, Germany and the United States of America. Although consistently increasing volumes of value added products manufactured by Africa Glass are sold through the division, the ability to service finished product requirements from its own manufacturing division located in Western Europe would afford the division the benefits enjoyed by Africa Glass as a manufacturer and distributor in South Africa. The division also operates as a trader and wholesale distributor of glass product procured from non-Group sources and sold directly to an international customer base.

MARKET CONDITIONS AND OPERATIONS

UNITED KINGDOM

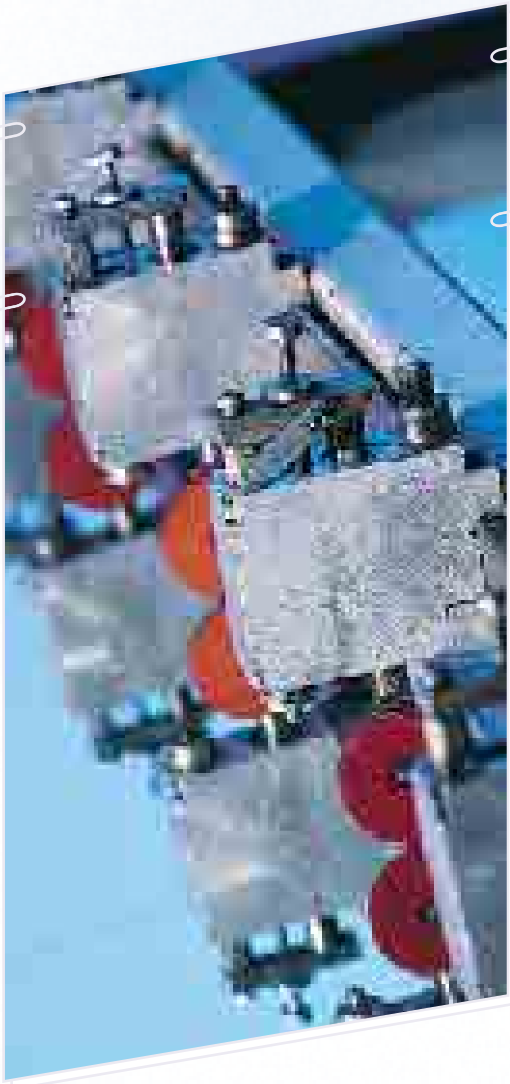
The transition from “case lots” to “loose lite” business which commenced during the 1999 financial year began generating returns in the form of a wider market with accompanying demand for more profitable value added products. While the division has continued its wholesale distribution operations, the loose lite and processed value added products have contributed to increased margins. Thus traditional low margin high volume business was replaced by higher margin product in line with the Group’s strategy. During the year under review a dedicated subcontracted fleet was engaged to improve the delivery service to customers. In addition to the key sales executive engaged during the 1999 financial year, further sales people were appointed during the year under review to service the wider client base accessible by the diversification out of the case lot business. Although market conditions were generally flat in the United Kingdom for the 2000 financial year, the division achieved increases in both gross revenue and operating profit.

GERMANY

The strategy employed in the United Kingdom was applied equally in the German division with the product diversification which commenced during the 1999 financial year gathering momentum and returning an improved performance. The Danish joint venture distribution operation established during April 2000 was developed specifically to address the Scandinavian markets. The performance thus far is pleasing.

AGENCY OPERATIONS

These continued in much the same way as in previous years with the division’s skill at sourcing an array of glass products from its vast network of primary market suppliers and selling these products to secondary market customers which are unable to deal with source suppliers continuing to generate satisfactory results.



FINANCIAL PERFORMANCE

During the year under review operating profits from international operations improved by almost 123% on the back of a 10% increase in revenues reflecting the improved margins which arose from the strategy to diversify out of case lots and into loose lite business.

UNITED STATES OF AMERICA

This division operates through an associate company, “Gulfstar”, in which Africa Glass has, for many years, held a 49% interest. The majority shareholder is also the Chief Executive Officer of Gulfstar and a long time industry operator who was previously a senior executive of a respected American primary market glass manufacturer. During the year under review the company’s performance improved with the investments made in past years generating satisfactory profits.

PROSPECTS

The imminent establishment of a further outlet in Western Europe and the possibility of a fabrication acquisition led to cautious optimism for the forthcoming financial year. The conclusion of either or both of these opportunities will transform the business and commence delivery of its true potential.

ANNUAL FINANCIAL STATEMENTS

June 30, 2000

CONTENTS

CORPORATE GOVERNANCE

Africa Glass has long subscribed to the principles established in the King Report's Code of Corporate Practice, in broad compliance with which it continues to operate.

CODE OF ETHICS

Africa Glass' philosophy of striving for and maintaining the highest standards, dictates that all its employees adhere to the highest ethical standards and behave with honesty and integrity in their dealings within and without the Company. Suitable programmes are in place and modified where necessary to ensure the maintenance of an honourable culture.

CORPORATE GOVERNANCE STRUCTURES

The board of Africa Glass comprises five executive and two non-executive directors. The non-executive directors were appointed for their particular knowledge of the Company and its market and their experience as directors of other listed companies. The board is led by an executive chairman while the remaining executive directors perform Group executive functions.

The board is accountable for the Group's operations; however, operating divisions are each led by a chief executive who is accountable for the performance of the relevant division, while Group Services executives take responsibility for key areas of financial risk throughout the Group, including internal control, treasury activities (which encompass interest and exchange risk management), information technology, credit control and certain human resource management issues.

Internal Financial Controls and Reporting

For the past decade, Africa Glass has been structured so that administrative staff engaged by operating divisions report to Group Services division executives on matters within the respective field of responsibility of each such executive. At the same time, operating division administrative staff report to their divisional chief executive on operational matters.

This dual reporting and evaluation structure was devised to ensure that any lapse in internal control is quickly identified either through the monthly review of operating results or in the financial assessment of each division which involves:

- the daily reporting by functional division of key information including sales, margins, funding balances, inventory levels and early warning reports on interest rate and foreign exchange exposures;
- the generation by functional division within two days of month end of summarised results which identify variances in the monthly perpetual inventory verification; and
- the monthly evaluation and assessment against budget of each functional division of detailed management accounts which are supported by comprehensive working paper files in the form of conventional year end audit working paper files.

The separation of the responsibility for operational matters from the responsibility for financial reporting ensures that chief executives of the various operating divisions focus on the management of their business units while professionally qualified executives attend to the performance measurement, financial control and risk management associated with those operations. This separation of responsibilities also entrenches a systematic and ongoing internal audit process which is supplemented by formal internal audit reviews undertaken by either the Group Financial Director or the Group Commercial Director.

Africa Glass' governance structure has yielded the benefit of uniformly applied standards and efficient communication of performance and any shortcomings which arise.

Acquisitions are subjected to thorough due diligence investigations by a team comprising the Group Financial Director, the Group Commercial Director and the Group Treasury Director and which is supplemented, in a supporting role, by the Group's external auditors. Any shortcomings unearthed are accounted for in terms of the relevant acquisition agreement before any such acquisition becomes unconditional. Such shortcomings are then also addressed in terms of the Group's internal control and reporting standards as new businesses acquired are immediately subject to Africa Glass' financial reporting and risk management structures.

In totality, Africa Glass' management structure sponsors accuracy in reporting and containment of exposures.

Responsibilities within Africa Glass' Group Services division are allocated among the following divisions:

Finance Division

The Group's finance, corporate finance, tax administration and company secretarial functions fall under the responsibility of this division of Group Services which, accordingly, is responsible for Group internal control and financial reporting, merger and acquisition activity and the administrative integration of any businesses acquired.

Treasury Division

Africa Glass operates a formal treasury which places or raises funds in the wholesale money market. As a result, when borrowed, Africa Glass is able to achieve an average cost of finance significantly below the ruling prime overdraft rate and when cash positive is able to secure interest income on funds placed at levels above what is available in the retail market.

The Treasury division also manages exchange rate risk. An integrated system which "marks-to-market" Africa Glass' export debtors sub-ledger on a daily basis also optimises between the benefit of covering foreign exchange exposures and borrowing at advantageous foreign rates. Foreign balances are monitored daily and exposures adjusted to conform with the consensus forecast of the major financial institutions whose forecasts are followed.

The Treasury division has responsibility for annual cash flow forecasts in respect of which administrative staff in operating divisions report directly to the Group Treasury Director.

Information Technology

Africa Glass operates an on-line integrated glass management system which is networked internationally. The system undergoes ongoing development to improve performance and internal controls and to meet international compliance standards. The system is fully Euro currency compliant.

The system includes a decision support facility which permits evaluation of key management information (including sales, inventory and treasury details) with data being accessible at consecutive levels of detail beginning with consolidated summaries and extending to the interrogation of line items on source documents generated anywhere within the Africa Glass system.

The system is Y2K compliant in terms of standard international reviews.

CORPORATE GOVERNANCE

Credit Control

For many years, Africa Glass has adopted a conservative policy towards credit control. All Africa Glass' debtors books, both in South Africa and internationally, are insured against credit risk. Africa Glass has long obtained credit cover at advantageous rates because of its pro-active credit management policy. Notwithstanding credit insurance cover, Africa Glass is active in obtaining security, collecting debt and managing accounts. This has contributed greatly to an economic cost of insurance cover. The effectiveness of credit insurance is monitored on an ongoing basis.

Human Resources

Africa Glass' human resource management is partly centralised. To facilitate efficient communication with its workforce, the majority of Africa Glass' human resource management occurs in operating divisions.

All policies are established and negotiations with employee representatives occur, however, at the Group Services level. Africa Glass continues to enjoy a low staff turnover and good relations with its workforce. Africa Glass' policies regarding its human resources are more fully dealt with elsewhere in this report.

Audit Committee

Africa Glass' Audit Committee, to which the external auditors have direct access, is mandated by a charter issued by the board. The Group Chief Executive Officer is the only executive member of the committee which also comprises the Group's two non-executive directors.

The Committee meets periodically to review:

- the adequacy of financial records;
- the appropriateness of accounting policies;
- the adequacy of internal control procedures; and
- to confirm that the going concern premise is appropriate.

Remuneration Committee

The Africa Glass Remuneration Committee is subject to the direction and control of the board. It comprises the Chief Executive and both Group non-executive directors. The role of the Remuneration Committee is to ensure that the Company's executive directors and the Group's senior management are fairly rewarded for their individual contribution to the Group's performance and to deal with policy matters relating to terms of employment with a view to ensuring that Africa Glass is able to suitably motivate the executives required to manage the Group.

EMPLOYMENT EQUITY

Africa Glass values the loyalty and effectiveness of its employees and their importance to its ultimate success. It acknowledges that limitations have prevented previously disadvantaged groups from realising their full potential and is committed to the appointment and promotion of suitably qualified people from these groups.

Africa Glass' commitment in this regard has been reduced to an active policy in terms of which:

- consultative internal committees comprising a cross section of staff including senior and junior members are established at each work place;
- to empower these committees, key issues are circularised regarding:
  - discrimination awareness;
  - the content of the Employment Equity Act;
  - the role of committee members and their duties to communicate with their colleagues;
- summaries of the Employment Equity Act are circularised to relevant parties; and
- a review of employment policies, practices and procedures to identify any barriers to employment equity and to formulate solutions and plans to eliminate any such barriers is conducted.

The findings of these reviews and their solutions are communicated annually to the Department of Labour in comprehensive reports. These reports address workforce profiles in terms of occupational levels and categories by race and gender, workforce movement by race and gender in various occupational levels, skills development action by occupational category and by race and gender, and include a qualitative assessment regarding workforce awareness of the consultative internal committees and a quantitative assessment regarding employment policies and practices.

The progress made in past years has continued with 52% of management positions now occupied by previously disadvantaged population groups and almost 90% of the total staff complement being drawn from historically disadvantaged population groups.

The philosophy supporting Africa Glass' implementation of its employment equity policy aims to:

– encourage self development;
– promote equal opportunity; and
– eliminate discrimination.

SKILLS DEVELOPMENT

To advance the Group's policy to encourage self development and promote equal opportunity, the Group has instituted a formal training programme in terms of which a skills development officer has been registered with the Chemical Industries Education and Training Authority. In-house consultative committees have been established to finalise formulation of elements of the Group's skills development plan and to oversee its ongoing implementation.

WORKER PARTICIPATION

Africa Glass remains committed to improved communications with worker representatives with the aim of preserving good employer/employee relations through the participation of workers in matters of common concern. All Africa Glass employees are encouraged to contribute recommendations which are for the good of the Group and its stakeholders.

EMPLOYEE STATISTICS

Total number of employees at the beginning of the year	**848**
Acquisitions:	
– Clearway	256
– The Aluminium Connection	30
Recruitments	98
	1 232
Less resignations, retirements etc.	157
Total number of employees at the end of the year	**1 075**

THE AFRICA GLASS SHARE INCENTIVE SCHEME

To encourage dedication and commitment in the employees required to preserve Africa Glass' future success and applying its policy of collective participation, the Share Incentive Scheme affords employees the opportunity to acquire, with assistance, equity in Africa Glass on the premise that Africa Glass' performance will be reflected in its share price.

ENVIRONMENT, SAFETY AND HEALTH

Africa Glass' operations do not pose any threat of consequence to the environment, industrial waste being carefully handled. The Group adheres to strict safety standards and is committed to the health and wellbeing of its work force, purveyors and ultimate users of its products.

CORPORATE SOCIAL RESPONSIBILITY

Africa Glass' social responsibility commitment has two thrusts:

– internally, in its promotion of the "Africa Glass family", the support of its staff in times of need both financially and in terms of their general welfare;
– externally, the contribution to selected and deserving projects which aim to empower previously disadvantaged population groups by the transfer of knowledge.

On the second aspect, a focus of Africa Glass' contribution in recent years has been acknowledged by a special Presidential Award in recognition of its participation in the Special Presidential Project under the Reconstruction and Development Programme.

GOING CONCERN

The directors are of the opinion that the Company will continue as a going concern for the forthcoming year.

INSIDER TRADING

No Africa Glass employee may, directly or indirectly, deal in the Company's shares on the basis of unpublished price-sensitive information regarding the business or the affairs of the Company. No director of the Company and no employee of the Company who participates in the Share Incentive Scheme may trade in the Company's shares during embargo periods determined by the board. These embargo periods precede publication of interim and annual financial and operating results.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors of the Company are responsible for the maintenance of adequate accounting records and for the preparation of annual financial statements that fairly present the state of affairs of the Company and the Group. The annual financial statements have been prepared by management in accordance with South African Statements of Generally Accepted Accounting Practice and are based on appropriate accounting policies which have been consistently applied, except for the adoption of the revised accounting statements mentioned in note 2 to the annual financial statements. The Group's independent auditors, Deloitte & Touche, have audited the annual financial statements and their unqualified report appears on page 33.

The directors are also responsible for the Group's systems of internal control, which are designed to provide reasonable, but not absolute, assurance as to the integrity and reliability of the annual financial statements and to adequately safeguard, verify and maintain accountability of its assets, and to prevent and detect material misstatement and loss. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The annual financial statements have been prepared on a going concern basis and nothing has come to the attention of the directors to indicate that the Group will not remain a going concern for the foreseeable future.

The annual financial statements and reports appearing on pages 34 to 60 were approved by the Board of Directors on September 11, 2000 and are signed on their behalf.

A A BARRELL
Executive Chairman

J B ROSENBERG
Group Financial Director

September 11, 2000

CERTIFICATE BY THE COMPANY SECRETARY

I hereby certify that, to the best of my knowledge, for the year ended June 30, 2000 the Company has lodged, with the Registrar of Companies, all such returns as are required of a public company in terms of the Companies Act 1973, as amended, and that all returns are true, correct and up to date.

J B ROSENBERG
Company Secretary

September 11, 2000

REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF AFRICA GLASS INDUSTRIES LIMITED

We have audited the annual financial statements of the Company and the Group set out on pages 34 to 60 for the year ended June 30, 2000. 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 annual 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 respects, the financial position of the Company and the Group, at June 30, 2000, 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 in South Africa.

Deloitte & Touche

DELOITTE & TOUCHE
Chartered Accountants (SA)
Sandton

September 11, 2000

DIRECTORS' REPORT

The directors have pleasure in submitting their report on the activities of the Company and the Group for the year ended June 30, 2000.

INCORPORATION AND HISTORY

Africa Glass was founded in 1980 and operated successfully as a private company for some nineteen years. The Company listed on the Johannesburg Stock Exchange on July 14, 1999, raising capital in the amount of R50,5 million.

BUSINESS AND OPERATIONS

The Group is a fabricator of value added glass and aluminium products. These performance products, as well as unbeneficiated glass, are distributed to a worldwide customer base through its operations located throughout South Africa, Namibia, the United Kingdom, Germany and the U.S.A.

FINANCIAL RESULTS

The financial results of the Company and of the Group are set out on pages 34 to 60 of this report. Net profit for the year amounted to R46,8 million (1999: R18,6 million) and translated to headline earnings per share of 22,2 cents per ordinary share (1999: 12,3 cents per ordinary share).

Inflation adjusted financial statements are not presented. Until a method of accounting for the effects of changing prices is developed that is generally accepted and understood by users of financial statements, current cost information will not be presented.

DIVIDENDS

Ordinary

A dividend of R4 567 241 (1999: R2 500 000) was proposed and paid to shareholders of the Company registered as such on September 23, 1999.

The board intends retaining a policy of paying one ordinary dividend at the end of each financial year while maintaining a dividend cover of approximately four times. It must be borne in mind that the Company accounts for dividends in the year in which the dividend is paid and does not accrue dividends in the year in respect of which the declaration is made. As a result, the policy of "four times cover" is not evident from the dividend payment reflected within the Company's income statement and should be read from the information concerning dividend declarations disclosed at the foot thereof.

The board has declared a dividend of 5,5 cents per ordinary share for the 2000 financial year (1999: 2,4 cents per ordinary share), payable on or about October 20, 2000, to shareholders of the Company registered as such on September 29, 2000. This dividend has not been included as a liability in these financial statements.

Preference

A preference dividend totalling R112 155 (1999: R112 000) was declared and paid on September 30, 1999 and March 31, 2000.

SHARE CAPITAL

Details of the authorised and issued ordinary share capital of the Company and the Group appear in note 14 to the annual financial statements. The following changes have taken place in the Company's share capital during the year:

1. AUTHORISED SHARE CAPITAL

The authorised share capital of the Company which comprises 300 000 000 ordinary shares of 0,5 cent each.

2. ISSUED SHARE CAPITAL

	No of shares issued	Nominal value R'000	Share premium R'000	Effective date for weighted number of shares calculation	Weighted average number of shares – year ended June 30, 2000
Balance at beginning of the year	145 160 524	726	37 718	July 1, 1999	145 160 524
Issued to vendors of a 71% interest in Dowse Aluminium (Proprietary) Limited	7 217 450	36	9 563	July 1, 1999	7 217 450
Issued on listing of the Company on the Johannesburg Stock Exchange on July 14, 1999.	38 000 000	190	50 350	July 14, 1999	36 650 273
Issued to vendors of a 60% interest in The Aluminium Connection (Proprietary) Limited	50 000	–	100	July 1, 1999	50 000
Issued to vendors of a 100% interest in: Clearway Sliding Doors (Proprietary) Limited, Clearway Aluminium Durban (Proprietary) Limited, Distinctive Systems (Proprietary) Limited and Profal (Proprietary) Limited ("Clearway")	1 062 500	5	2 864	July 1, 1999	1 062 500
Balance at end of the year before write off of share issue expenses	191 490 474	957	100 595		190 140 747
Subsequent to year end:					
To be issued to vendors of a 60% interest in The Aluminium Connection (Proprietary) Limited	300 000	2	598	July 1, 1999	300 000
To be issued to vendors of a 100% interest in Clearway	3 187 500	16	8 590	July 1, 1999	3 187 500
Total	194 977 974	975	109 783		193 628 247

3. UNISSUED SHARE CAPITAL

Subject to the restrictions imposed by the Companies Act, 1973, the unissued shares are under the control of the directors until the forthcoming annual general meeting.

4. SHARE INCENTIVE SCHEME

The Share Incentive Scheme is a combination scheme in terms of which, at the discretion of the board, duly authorised, ordinary shares may be offered for immediate or deferred sale to specified employees of the Group or Share Incentive Scheme options granted to such employees.

The price payable by participants for Share Incentive Scheme securities will be the middle market price at which the shares are traded on the Johannesburg Stock Exchange on the trading day immediately preceding the date upon which the board resolves to sell ordinary shares in terms of the Share Incentive Scheme or to grant an option in terms of the Share Incentive Scheme.

4. SHARE INCENTIVE SCHEME (continued)

Share Incentive Scheme securities acquired by a participant in the Share Incentive Scheme will be released to the participant in four equal annual tranches commencing on the third anniversary of an offer/acceptance date and expiring on the seventh anniversary.

The following movements in shares have taken place during the year under review:

	No of shares	Average price
Number of shares held at beginning of the year	–	–
Shares purchased during the year	675 900	1,67
Immediate sales made to participants	(203 090)	1,59
Deferred sales made to participants	(470 000)	1,70
Number of shares held at the end of the year	2 810	2,20

The Company has loaned funds to the Africa Glass Industries Limited Share Incentive Trust at variable interest rates, which has in turn lent funds at variable interest rates to certain option holders who have exercised their options. The directors and staff of the Group have been allocated shares based on incentive performance criteria.

5. PREFERENCE SHARE CAPITAL AND PREMIUM

Details of the authorised and issued preference share capital appear in note 17 to the annual financial statements.

DIRECTORATE AND ADMINISTRATION

The names of the directors appear on page 11 and the company secretary as well as the business and postal addresses appear on page 64 of this report.

In terms of the articles of association of the Company, J B Rosenberg, J Martingano and M J E Geldenhuys, retire at the forthcoming annual general meeting and, being eligible, stand for re-election.

As at June 30, 2000, the direct and indirect, beneficial and non-beneficial interests of the directors in the fully paid issued share capital of the Company was 22 098 462 shares (1999: 21 449 536) held as follows:

	Beneficial		Non-beneficial	
	Direct	Indirect	Direct	Indirect
Executive directors				
A A Barrell	–	17 918 912	–	–
T Y Worthington	279 000	–	–	–
J B Rosenberg	1 604 440	130 014	–	–
M J E Geldenhuys	856 800	–	–	–
J Martingano	507 296	–	–	–
Non-executive directors				
H R Levin	752 000	–	–	–
B E Danoher	50 000	–	–	–

J B Rosenberg was appointed as company secretary on July 8, 1999.

Mercantile Registrars Limited were appointed transfer secretaries upon listing. Details of their business and postal addresses appear on page 64 of this report.

INVESTMENT IN SUBSIDIARY AND ASSOCIATED COMPANIES

DISPOSALS

A G Venture (Proprietary) Limited, a dormant subsidiary, was disposed of during the current year. There were no other disposals of subsidiary companies during the financial year under review.

ACQUISITIONS

The following acquisitions were made during the financial year under review:

Company acquired	Name changed to	Holding acquired	Percentage held after acquisition	Effective date
Shurprops 40 (Proprietary) Limited	Africa Glass Property Services (Proprietary) Limited	100%	100%	July 1,1999
The Aluminium Connection (Proprietary) Limited	–	60%	100%	July 1,1999
Clearway Sliding Doors (Proprietary) Limited	–	100%	100%	July 1,1999
Clearway Aluminium Durban (Proprietary) Limited	–	100%	100%	July 1,1999
Distinctive Systems (Proprietary) Limited	–	100%	100%	July 1, 1999
Profal (Proprietary) Limited	–	100%	100%	July 1, 1999

The following special resolutions were passed during the year under review:

- Africa Glass Industries Limited – Amendment to article number 70 of the articles of association, authorising the directors of the Company, duly authorised by ordinary resolution, to reduce the share capital.
- Africa Glass SA Holdings (Proprietary) Limited – convert the company from a public company having share capital to a private company having share capital, and cancel existing articles of association in their entirety and adopt new articles of association.
- Clearway – cancellation of existing articles of association and adoption of new articles of association.
- Other special resolutions passed during the year relate to the change of name and change of main business object of subsidiaries, and are not considered material to this report.

The details in respect of the Company's interests in its subsidiary companies are set out on page 60 of the annual financial statements.

The aggregate profits and losses after taxation of the subsidiaries attributable to the Company are as follows:

– profits R46 536 743 (1999: R20 654 643)

– losses R2 750 494 (1999: R 2 530 710)

Details of the associated companies are set out in note 10 to the annual financial statements.

POST BALANCE SHEET EVENTS

The directors are not aware of any other material events not otherwise dealt with in the annual report that would affect the operations of the Group significantly.

BORROWING POWERS

There are no limitations on the directors' borrowing powers in terms of the articles of association of the Company or its subsidiaries.

INCOME STATEMENTS

for the year ended June 30, 2000

COMPANY				GROUP	
2000	1999			**2000**	1999
R'000	R'000		Notes	**R'000**	R'000
–	5 706	**Revenue**		**441 788**	292 719
4 310	5 336	Other operating income		**13 634**	15 584
–	(105)	Changes in inventories of finished goods and work in progress		**23 456**	(5 865)
–	(3 991)	Raw materials and consumables used		**(293 191)**	(175 995)
(6)	(4 239)	Staff costs		**(63 380)**	(50 934)
(85)	(346)	Depreciation and amortisation expense		**(8 801)**	(4 814)
(56)	(3 052)	Other operating expenses		**(53 482)**	(41 365)
4 163	(691)	**Profit/(loss) from operations**	4	**60 024**	29 330
1 343	6 515	Interest received		**4 962**	6 788
(346)	(5 336)	Interest paid	5	**(7 127)**	(16 167)
–	-	Income from associates	10	**2 276**	1 723
5 160	488	**Net profit before taxation**		**60 135**	21 674
(362)	38	Taxation	6	**(12 980)**	(2 767)
4 798	526	**Net profit after taxation**		**47 155**	18 907
–	-	Minority interest		**(267)**	(188)
–	-	Preference dividends		**(112)**	(112)
4 798	526	**Net profit for the year**		**46 776**	18 607
		Basic earnings per ordinary share (cents)	7	**24,2**	12,3
		Headline earnings per ordinary share (cents)	7	**22,2**	12,3
		Dividends paid			
		Dividend per ordinary share (cents)	7	**2,4**	1,7
		Dividend cover (times)	7	**10,2**	7,4
		***Dividends declared in respect of financial year**			
		Dividend per ordinary share (cents)		**5,5**	2,4
		Dividend cover (times)		**4,4**	4,1

*Refer Directors' report

BALANCE SHEETS

June 30, 2000

COMPANY				GROUP	
2000 R'000	1999 R'000		Notes	2000 R'000	1999 R'000
		ASSETS			
		Non-current assets			
–	492	Property, plant and equipment	8	34 052	22 258
–	–	Goodwill	8	94 500	63 859
11 514	2 373	Other intangible assets	8	12 256	2 374
114 628	78 465	Investment in subsidiaries	9	–	–
3 766	3 405	Investment in associates	10	10 004	8 576
522	542	Other unlisted investments	11	2 022	542
–	–	Deferred taxation assets	12	1 997	–
130 430	85 277			154 831	97 609
		Current assets			
–	–	Inventories	13	66 859	39 596
512	6 909	Trade and other receivables	20	112 380	80 150
33 846	13 938	Amounts owed by subsidiaries		–	–
–	128	Taxation		–	339
20	–	Bank balances and cash	20	17 580	–
34 378	20 975			196 819	120 085
164 808	106 252	**Total assets**		351 650	217 694
		EQUITY AND LIABILITIES			
		Capital and reserves			
107 221	35 733	Ordinary share capital and premium	14	107 221	35 733
–	–	Other reserves		6 544	3 432
26 285	26 054	Retained earnings		97 289	54 974
133 506	61 787	Shareholders' equity		211 054	94 139
11 000	–	Amounts due to vendors after one year	15	11 000	–
–	–	Shareholders' loans	16	1 012	1 912
144 506	61 787			223 066	96 051
		Minority interests			
–	–	Outside shareholders' interest		568	301
–	–	Preference share capital and premium	17	700	700
–	–			1 268	1 001
		Non-current liabilities			
11	1 147	Deferred taxation liabilities	12	3 443	2 307
–	–	Borrowings due after one year	18	443	146
–	125	Obligations under finance lease agreements due after one year	19	6 540	7 049
11	1 272			10 426	9 502
		Current liabilities			
3 936	6 614	Trade and other payables	21	87 003	52 469
2 262	4 069	Amounts owed to subsidiaries		–	–
–	–	Shareholder for dividends		28	28
11 000	14 799	Amounts due to vendors within one year	15	11 000	14 799
–	–	Borrowings due within one year	18	1 179	171
–	218	Obligations under finance lease agreements due within one year	19	4 376	5 045
1 497	–	Taxation		11 410	2 225
1 596	17 493	Bank borrowings	22	1 894	36 403
20 291	43 193			116 890	111 140
164 808	106 252	**Total equity and liabilities**		351 650	217 694

STATEMENT OF CHANGES IN EQUITY

for the year ended June 30, 2000

	Share capital R'000	Share premium R'000	Foreign currency translation reserves R'000	Non-distributable reserves relating to associates R'000	Group retained earnings R'000	Total share-holders' equity R'000
Balance at June 30, 1998	507	66	537	3 794	39 675	44 579
Ordinary shares issued	219	37 652	–	–	–	37 871
Share issue expenses	–	(2 711)	–	–	–	(2 711)
Net exchange rate adjustments	–	–	201	–	–	201
Associates' income	–	–	–	808	(808)	–
Net profit for the year	–	–	–	–	18 607	18 607
Associates converted to subsidiaries	–	–	–	(1 908)	–	(1 908)
Dividends	–	–	–	–	(2 500)	(2 500)
Balance at June 30, 1999	726	35 007	738	2 694	54 974	94 139
Ordinary shares issued	231	62 877	–	–	–	63 108
Contingency shares issued	18	9 188	–	–	–	9 206
Share issue expenses	–	(826)	–	–	–	(826)
Net exchange rate adjustments	–	–	2 343	–	875	3 218
Associates' income	–	–	–	769	(769)	–
Net profit for the year	–	–	–	–	46 776	46 776
Dividends	–	–	–	–	(4 567)	(4 567)
Balance at June 30, 2000	975	106 246	3 081	3 463	97 289	211 054

CASH FLOW STATEMENTS

for the year ended June 30, 2000

COMPANY				GROUP	
2000 R'000	1999 R'000		Notes	**2000 R'000**	1999 R'000
(17 190)	6 833	**CASH FLOWS FROM OPERATING ACTIVITIES:**	A	**28 995**	12 206
		CASH FLOWS FROM INVESTING ACTIVITIES:			
162	(12 518)	Decrease/(increase) in loans to subsidiaries		**–**	–
–	–	Acquisition of additional interest in subsidiaries		**–**	(9 890)
(36 325)	(57 887)	Acquisition of subsidiaries	B	**(36 325)**	(57 887)
–	–	Dividends received from associates		**824**	477
(361)	9 792	(Increase)/decrease in investment in associates		**(659)**	14 930
20	125	Decrease in other investments		**20**	125
(9 170)	(1 777)	Additions to property, plant, equipment and intangible assets	C	**(26 612)**	(6 958)
435	1 795	Proceeds on disposal of property, plant, equipment and intangible assets		**13 139**	356
(45 239)	(60 470)	**Net cash outflow from investing activities**		**(49 613)**	(58 847)
		CASH FLOWS FROM FINANCING ACTIVITIES:			
–	–	Increase in borrowings due after one year		**297**	46
(125)	(218)	(Decrease)/increase in obligations under finance lease agreements due after one year		**(4 220)**	501
–	–	Decrease in shareholders' loans		**(2 464)**	(6 762)
71 488	35 160	Increase in ordinary share capital and premium		**71 488**	35 160
11 000	–	Increase in amounts due to vendors after one year		**11 000**	–
(3 799)	14 799	(Decrease)/increase in amounts due to vendors within one year		**(3 799)**	14 799
–	–	Increase in borrowings due within one year		**1 008**	76
(218)	36	(Decrease)/increase in obligations under finance lease agreements due within one year		**(2 027)**	(1 642)
78 346	49 777	**Net cash inflow from financing activities**		**71 283**	42 178
15 917	(3 860)	**Net increase/(decrease) in cash and cash equivalents**		**50 665**	(4 463)
(17 493)	(13 633)	Cash and cash equivalents at beginning of the year		**(36 403)**	(32 856)
–	–	Cash and cash equivalents of purchased subsidiaries		**1 424**	916
(1 576)	(17 493)	**CASH AND CASH EQUIVALENTS AT END OF THE YEAR**	D	**15 686**	(36 403)

NOTES TO THE CASH FLOW STATEMENTS

for the year ended June 30, 2000

COMPANY			GROUP	
2000 R'000	1999 R'000		**2000 R'000**	1999 R'000
		A. CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES:		
5 160	488	Net profit before taxation	**60 135**	21 674
		Adjusted for:		
–	–	Net (profit)/loss on disposal of property, plant, equipment and intangible assets	**(4 729)**	13
85	372	Depreciation and amortisation expense	**8 801**	4 814
(1 343)	(6 515)	Interest received	**(4 962)**	(6 788)
346	5 336	Interest paid	**7 127**	16 167
–	–	Foreign exchange profit on translation of foreign subsidiaries	**297**	199
–	–	Foreign exchange profit on translation of foreign subsidiaries purchased	**–**	(28)
–	–	Income from associates	**(2 276)**	(1 723)
4 248	(319)	**Operating profit/(loss) before working capital changes**	**64 393**	34 328
–	578	(Increase)/decrease in inventories	**(20 877)**	(98)
6 397	18 023	(Increase)/decrease in trade and other receivables	**(12 988)**	19 773
(21 715)	(9 444)	Increase in amounts owed by subsidiaries	**–**	–
(2 678)	(676)	Increase/(decrease) in trade and other payables	**8 219**	(26 131)
(13 748)	8 162		**38 747**	27 872
1 343	6 515	Interest received	**4 962**	6 788
(346)	(5 336)	Interest paid	**(7 127)**	(16 167)
(4 567)	(2 500)	Dividends paid	**(4 879)**	(4 501)
128	(8)	Taxation (paid)/received	**(2 694)**	(1 773)
–	–	STC paid	**(14)**	(13)
(17 190)	6 833		**28 995**	12 206
		B. ACQUISITION OF SUBSIDIARIES		
12 122	46 863	Property, plant and equipment	**12 122**	46 863
27 899	16 367	Goodwill	**27 899**	16 367
1 500	13 065	Investments	**1 500**	13 065
6 386	20 094	Inventories	**6 386**	20 094
20 143	25 305	Trade and other receivables	**20 144**	25 305
1 425	916	Bank balances and cash	**1 424**	916
(1 564)	(8 011)	Shareholders' loans	**(1 564)**	(8 011)
(3 883)	(4 495)	Borrowings and obligations under finance leases	**(3 883)**	(4 495)
(27 703)	(51 679)	Trade and other payables	**(27 703)**	(51 679)
36 325	58 425	Net assets acquired	**36 325**	58 425
–	(504)	Outside shareholders' interest	**–**	(504)
–	(34)	Revaluation reserve	**–**	(34)
36 325	57 887		**36 325**	57 887

COMPANY				GROUP	
2000	1999			**2000**	1999
R'000	R'000			**R'000**	R'000
		C.	**ADDITIONS TO PROPERTY, PLANT, EQUIPMENT AND INTANGIBLE ASSETS**		
9 170	1 101		Restraint of trade	**10 162**	1 101
–	–		Plant and machinery	**6 703**	2 493
–	656		Office furniture and equipment	**5 855**	1 134
–	20		Motor vehicles	**2 229**	1 822
–	–		Leasehold improvements	**1 662**	156
–	–		Goodwill	**–**	252
–	–		Know-how payments	**1**	–
9 170	1 777			**26 612**	6 958
		D.	**CASH AND CASH EQUIVALENTS**		
20	–		Bank balances and cash	**17 580**	–
(1 596)	(17 493)		Bank overdraft	**(1 894)**	(36 403)
(1 576)	(17 493)			**15 686**	(36 403)

GROUP SEGMENTAL REPORTS

for the year ended June 30, 2000

The segment information set out below is based on the requirements of AC 115 (revised 1999) *Segment Reporting*, which has been adopted for the first time in these financial statements.

For management purposes the Group is split into two geographical segments – South Africa and International (consisting of mainly Europe and the U.S.A.). These segments represent the basis on which all management and performance measurement decisions are taken and are the basis on which the Group reports its primary segment information.

GEOGRAPHICAL
Net profit
2000

	Southern Africa R'000	Europe and the U.S.A. R'000	Eliminations R'000	Total R'000
Revenue				
External sales	345 634	96 154	–	441 788
Inter-segment sales	36 321	27 829	(64 150)	–
Total revenue	381 955	123 983	(64 150)	441 788
Result:				
Operating profit before interest and taxation	47 710	12 314	–	60 024
Interest received	–	–	–	4 962
Interest paid	–	–	–	(7 127)
Income from associates	2 276	–	–	2 276
Net profit before taxation	–	–	–	60 135
Other information				
Capital additions	25 328	1 284	–	26 612
Depreciation and amortisation expense	8 143	658	–	8 801

GEOGRAPHICAL
Net profit
1999

	Southern Africa R'000	Europe and the U.S.A. R'000	Eliminations R'000	Total R'000
Revenue				
External sales	214 489	78 230	–	292 719
Inter-segment sales	29 239	30 793	(60 032)	–
Total revenue	243 728	109 023	(60 032)	292 719
Result:				
Operating profit before interest and taxation	21 409	7 921	–	29 330
Interest received	–	–	–	6 788
Interest paid	–	–	–	(16 167)
Income from associates	1 723	–	–	1 723
Net profit before taxation	–	–	–	21 674
Other information				
Capital additions	6 789	169	–	6 958
Depreciation and amortisation expense	4 539	275	–	4 814

Balance sheet

	Assets 2000 R'000	Liabilities 2000 R'000	Net assets/ (liabilities) 2000 R'000	Assets 1999 R'000	Liabilities 1999 R'000	Net assets/ (liabilities) 1999 R'000
Southern Africa	**233 183**	**(69 353)**	**163 830**	160 729	(39 809)	120 920
Europe and the U.S.A.	**86 863**	**(17 650)**	**69 213**	47 507	(12 660)	34 847
Investment in associates	**10 004**	**–**	**10 004**	8 576	–	8 576
Unallocated corporate assets/(liabilities)	**21 600**	**(40 313)**	**(18 713)**	882	(68 173)	(67 291)
	351 650	**(127 316)**	**224 334**	217 694	(120 642)	97 052

The average number of employees for the year in each of the Group's principal divisions was as follows:

	2000	1999
Southern Africa	**1 012**	790
Europe and the U.S.A.	**63**	58
	1 075	848
SEGMENTAL		
Revenue		
External and inter-segment sales:		
Unbeneficiated products	**226 645**	213 460
Value-added products – Glass	**102 714**	88 838
Value-added products – Aluminium	**156 779**	50 453
Services	**19 800**	–
	505 938	352 751
Inter-segment sales eliminated	**(64 150)**	(60 032)
Total revenue	**441 788**	292 719
Carrying amount of segment assets		
Unbeneficiated products	**133 427**	105 467
Value-added products – Glass	**67 775**	51 457
Value-added products – Aluminium	**78 173**	27 339
Services	**70 280**	33 091
Unallocated corporate assets	**1 995**	340
	351 650	217 694
Additions to property, plant, equipment and intangible assets		
Glass products – Unbeneficiated	**2 450**	1 327
Value-added products – Glass	**530**	1 430
Value-added products – Aluminium	**3 346**	1 078
Services	**20 286**	3 123
	26 612	6 958

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended June 30, 2000

1. PRESENTATION OF FINANCIAL STATEMENTS

The financial statements cover the 12 month period ended June 30, 2000.

2. ADOPTION OF NEW ACCOUNTING STANDARDS

In the current year, the Company has adopted the following accounting standards for the first time:
AC101 – Presentation of Financial Statements (revised)

AC102 – Income Taxes (revised)

AC101 is concerned with the presentation and disclosure of financial information. The presentation in the current year's financial statements has been modified in order to conform with the requirements of this standard. Comparative amounts have been stated in order to achieve a consistent presentation.

AC102 which relates to income taxes and the principal effect is in relation to deferred taxation. This statement requires a balance sheet oriented liability method whereby provision is made for deferred taxation on all temporary differences between balance sheet carrying amounts and the amounts attributed to the assets/liabilities for taxation purposes. The effect of adopting this statement is not material to the financial statements and consequently no adjustments have been made to the comparative amounts.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The annual financial statements are prepared on the historical cost basis and have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice. The principal accounting policies adopted are set out below. The accounting policies remain unchanged from the previous year, except for the adoption of the revised accounting standards mentioned in note 2 above.

3.1 BASIS OF CONSOLIDATION

The Group annual financial statements incorporate the financial statements of the Company and its subsidiaries. The operating results of the subsidiaries are included from the effective dates of acquisition and, where necessary, adjustments are made to the financial statements of subsidiaries to bring accounting policies used in line with those used by other members of the Group. All significant inter-company transactions and balances have been eliminated. Premiums arising on the acquisition of subsidiaries and any excess of the net assets of a subsidiary over the cost of acquisition are treated in terms of the Group's accounting policy for goodwill as explained in the "Intangible Assets" policy note (3.4).

3.2 ASSOCIATED COMPANIES

Associated companies are those companies in which the Group holds a long-term equity interest and over which it has the ability to exercise significant influence and which are neither subsidiaries nor joint ventures.

Associated companies are accounted for by the equity method in the Group annual financial statements from the date they become investees.

Equity accounted income being the post-acquisition share of retained earnings of associates and which is included in the respective carrying values of the investments, represents the Group's proportionate share of the associates' retained income after accounting for dividends payable by those associates, is included in the consolidated income statement and is transferred to a non-distributable reserve.

Provision is made when there has been a permanent impairment in the carrying value of an interest in an associate. Where the equity method results in the Group's proportion of an associate's losses being greater than or equal to the carrying value of the associate, the associate is carried at nil or at a nominal amount. Where associated companies have a year end other than June 30, 2000, the latest available management accounts have been used.

3.3 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, excluding loose tools, are stated at historical cost to the Group, less accumulated depreciation. Depreciation is provided for on the straight line method at various annual rates designed to reduce costs or book values to estimated residual values over the anticipated useful lives of the assets. Loose tools are stated at directors' valuation and are not depreciated. Depreciation is provided on the various classes of assets at the following rates:

	%
Leasehold improvements	5
Computer hardware and software	33,3–100
Office furniture and equipment	10
Plant and machinery	15
Motor vehicles	20

3.4 INTANGIBLE ASSETS

Goodwill, being the excess of the cost of shares in subsidiaries over the net asset value attributable to the subsidiaries, as well as other intangible assets, are recognised as an asset at historical cost. The carrying value of goodwill is assessed at the end of each year and where, in the opinion of the directors, a permanent impairment in the carrying value has arisen, appropriate provision is made. Restraints of trade payments are written off in terms of the restraint period set out in the relevant restraint agreements. Know-how payments are written off over the useful life of the asset.

3.5 DEFERRED TAXATION

Deferred taxation is accounted for using the balance sheet liability method in respect of temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable income. In principle, deferred taxation liabilities are recognised for all taxable temporary differences and deferred taxation assets are recognised to the extent that it is probable that taxable income will be available against which deductible temporary differences can be utilised.

3.6 LEASED ASSETS

Assets leased in terms of agreements which are considered to be finance leases are capitalised at their fair value at the date of acquisition. The corresponding liability to the lessor, net of finance changes, is included in the balance sheet as a finance lease obligation. Capitalised leased assets are depreciated on the straight line basis at various annual rates considered appropriate to reduce book values to estimated residual values over the anticipated useful lives of the assets. Lease payments are allocated between finance costs and capital repayments using the effective interest rate method. Lease finance costs are charged to operating profit as they become due.

3.7 INVENTORIES

Raw material and consumable inventories as well as finished goods are valued at the lower of cost and net realisable value. Cost is determined on the following bases:

- raw materials and consumables are valued at invoice cost on the first-in, first-out basis,
- finished goods are valued at raw material cost and, where appropriate, labour and a proportion of manufacturing overhead expenses are included.

3.8 FINANCIAL INSTRUMENTS

Financial Assets

The Group's principal financial assets are bank balances and cash, trade receivables, and equity investments.

Trade receivables are stated at their nominal value and reduced by appropriate allowances for estimated irrecoverable amounts.

Long-term investments, where the Group is not in a position to exercise significant influence or joint control, are stated at cost less impairment losses recognised, where the investment's carrying amount exceeds its estimated recoverable amount.

Financial Liabilities and Equity Instruments

Significant financial liabilities include finance lease obligations, interest-bearing bank loans and overdrafts as well as trade and other payables.

The accounting policy adopted for finance lease obligations is outlined above.

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade and other payables are stated at their nominal value.

3.9 TRANSLATION OF FOREIGN CURRENCIES

Assets and liabilities other than those covered by forward exchange contracts have been translated into South African currency at the spot rate of exchange ruling at June 30, 2000. All profits and losses on the translation of foreign currencies are dealt with in the income statements in the year in which they arise. Assets and liabilities covered by forward exchange contracts have been translated into South African currency at the applicable forward contract rates of exchange.

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates ruling on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Goodwill arising on the acquisition of a foreign entity is treated as an asset of the foreign entity and translated at the closing spot rate.

3.10 BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of 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 or sale. All other borrowing costs are dealt with in income in the period in which they are incurred.

3.11 RETIREMENT BENEFITS

Current contributions to the provident fund are based on current service and current salary and are recognised in the results for the year.

3.12 REVENUE

Revenue represents the net invoiced value of goods delivered in respect of trading operations, excluding value added taxation, and is recorded at the date goods are delivered to customers and title has passed. Consolidated revenue excludes sales to Group companies.

COMPANY			GROUP	
2000 R'000	1999 R'000		**2000 R'000**	1999 R'000
		4. PROFIT/(LOSS) FROM OPERATIONS		
		Profit/(loss) from operations is stated after taking the following items into account:		
		Income		
–	–	Profit on disposal of property, plant, equipment and intangible assets	**4 774**	–
226	423	Net profit on foreign exchange	**957**	–
–	–	Profit on disposal of investment	**–**	1 069
2 962	1 026	Dividends received from associate	**824**	477
		Income from subsidiaries:		
102	4 736	– Fees	**–**	–
524	1 377	– Interest	**–**	–
2 138	550	– Dividends	**–**	–
		Expenses		
		Auditors' remuneration:		
–	70	– Fees	**838**	506
–	–	– Under-provision in prior year	**5**	35
–	13	– Other services	**53**	24
85	372	Depreciation	**7 754**	4 814
–	–	Amortisation of goodwill	**1 047**	–
–	–	Loss on disposal of property, plant, equipment and intangible assets	**45**	13
–	–	Net loss on foreign exchange	**–**	120
–	–	Operating lease payments	**9 489**	7 969
		Professional fees:		
–	12	– legal	**334**	153
–	117	– consultancy	**615**	468
		Directors' emoluments paid by holding company and subsidiaries:		
		– Executive directors		
–	811	Salaries – from the Company	**–**	–
1 044	748	– from subsidiaries	**–**	–
701	–	– other sources	**–**	–
–	198	Benefits – from the Company	**–**	–
237	64	– from subsidiaries	**–**	–
–	30	Bonuses – from the Company	**–**	–
41	2	– from subsidiaries	**–**	–
		Benefits include Company vehicles, Company contributions to the provident fund and medical aid and entertainment allowances. Bonuses are performance related.		
		– Non-executive directors		
–	–	Fees paid to non–executive directors	**–**	–

COMPANY 2000 R'000	COMPANY 1999 R'000		GROUP 2000 R'000	GROUP 1999 R'000
		5. INTEREST PAID		
32	88	Long-term borrowings	**1 074**	1 614
–	5 114	Bank borrowings	**5 911**	14 174
–	74	Group companies	**–**	–
314	60	Other	**647**	379
346	5 336	**Total interest paid**	**7 632**	16 167
–	–	Less amounts capitalised to property, plant and equipment	**(505)**	–
346	5 336	**Interest paid**	**7 127**	16 167
		6. TAXATION		
		South African normal taxation:		
1 497	–	Current year	**12 349**	2 609
–	–	Prior year under-provision	**–**	4
		Foreign taxation:		
–	–	Current year	**797**	–
–	–	Prior year over-provision	**(27)**	–
		Deferred taxation:		
(1 135)	(38)	Current year	**(765)**	(376)
–	–	Prior year	**(71)**	–
–	–	Secondary taxation on companies	**14**	13
–	–	Share of taxation attributable to associates	**683**	517
362	(38)	**Total taxation**	**12 980**	2 767
5 597	7 202	Unutilised credits for set-off against future liabilities for secondary taxation on companies in respect of dividends yet to be declared	**5 597**	7 202
		Taxation for jurisdictions other than South Africa is calculated at the rates prevailing in the respective jurisdictions.		
		Taxation rate reconciliation:		
7,0%	(7,8%)	Current and deferred taxation as a percentage of net profit before taxation	**21,6%**	12,8%
		Reduction in charge due to:		
5,9%	7,0%	– Capital profits	**3,9%**	1,5%
17,3%	63,1%	– Dividend income	**1,5%**	1,3%
–	–	– Losses for tax purposes brought forward	**1,8%**	6,5%
–	34,6%	– Change in rate of taxation	**–**	1,4%
–	–	– Income not subject to South African taxation	**1,4%**	8,0%
–	–	– Deferred tax assets not raised in prior years	**2,7%**	–
30,2%	96,9%		**32,9%**	31,5%
		Increase in charge due to:		
(0,2%)	(66,9%)	– Disallowable expenses	**(2,9%)**	(1,5%)
30,0%	30,0%	**South African normal taxation rate**	**30,0%**	30,0%

	GROUP 2000	1999
7. EARNINGS AND DIVIDENDS PER ORDINARY SHARE		
The calculation of the basic and headline earnings per share is based on the following data:		
Earnings		
Earnings for the purpose of basic earnings per ordinary share	**R46 776 048**	R18 606 402
Adjustments for:		
– Surplus on sale of property	**(R4 814 467)**	–
– Goodwill amortised	**R1 046 799**	–
Earnings for the purpose of headline earnings per ordinary share	**R43 008 380**	R18 606 402
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and headline earnings per ordinary share	**193 628 247**	151 599 898
Dividends		
Dividends paid	**R4 567 241**	R2 500 000
Number of ordinary shares in issue at the year end	**191 490 474**	145 160 524

8. PROPERTY, PLANT, EQUIPMENT, GOODWILL AND OTHER INTANGIBLE ASSETS

	Cost R'000	Accumulated depreciation R'000	Net book value R'000
GROUP			
2000			
Office furniture and equipment	8 553	2 472	6 081
Leasehold improvements	2 293	233	2 060
Plant and machinery	31 095	11 070	20 025
Loose tools	5	5	–
Motor vehicles	11 562	5 676	5 886
Property, plant and equipment	**53 508**	**19 456**	**34 052**
Goodwill	**95 647**	**1 147**	**94 500**
Restraint of trade	13 086	837	12 249
Know-how payments	132	125	7
Other intangible assets	**13 218**	**962**	**12 256**
Total property, plant, equipment and intangible assets	**162 373**	**21 565**	**140 808**

8. PROPERTY, PLANT, EQUIPMENT, GOODWILL AND OTHER INTANGIBLE ASSETS (CONTINUED)

	Cost R'000	Accumulated depreciation R'000	Net book value R'000
Company			
2000			
Restraint of trade	12 020	511	11 509
Know-how payments	130	125	5
Other intangible assets	12 150	636	11 514

Group reconciliation of net book value (R'000)

	Net book value 1999	Additions at cost	Disposals at cost	Accumulated depreciation on disposals	Subsidiaries acquired	Depreciation and amortisation	Net foreign currency translation adjustment	**Net book value 2000**
Office furniture and equipment	3 407	5 855	(2 802)	88	298	(778)	13	**6 081**
Motor vehicles	5 507	2 229	(4 561)	3 396	1 770	(2 460)	5	**5 886**
Leasehold improvements	574	1 662	(2 892)	2	2 850	(136)	–	**2 060**
Plant and machinery	12 770	6 703	(2 659)	1 018	6 158	(4 048)	83	**20 025**
Loose tools	–	–	–	–	–	–	–	**–**
Property, plant and equipment	22 258	16 449	(12 914)	4 504	11 076	(7 422)	101	**34 052**
Goodwill	63 859	–	–	–	28 945	(1 047)	2 743	**94 500**
Restraint of trade	2 355	10 162	–	–	–	(319)	51	**12 249**
Know-how payments	19	1	–	–	–	(13)	–	**7**
Other intangible assets	2 374	10 163	–	–	–	(332)	51	**12 256**
Total property, plant, equipment and intangible assets	88 491	26 612	(12 914)	4 504	40 021	(8 801)	2 895	**140 808**

Certain property, plant and equipment is encumbered as disclosed in note 19.

COMPANY **2000** R'000	COMPANY 1999 R'000		GROUP **2000** R'000	GROUP 1999 R'000
		9. INVESTMENT IN SUBSIDIARIES		
102 361	67 176	Shares at cost	**–**	–
12 267	11 289	Amounts owed by subsidiaries	**–**	–
114 628	78 465		**–**	–
		(Further details of subsidiaries are set out in Schedule A on page 60.)		

COMPANY 2000 R'000	COMPANY 1999 R'000		GROUP 2000 R'000	GROUP 1999 R'000
		10. INVESTMENT IN ASSOCIATES		
3 766	3 405	Cost of investment in associated companies	**6 541**	5 882
–	–	Share of associated companies' retained earnings at end of the year	**3 463**	2 694
–	–	Share of associated companies' retained earnings at beginning of the year	**2 694**	3 792
–	–	Associated companies converted to subsidiaries	**–**	(1 827)
–	–	Earnings for the year before dividends	**2 276**	1 723
		Taxation	**(683)**	(517)
–	–	Dividends received from associated companies	**(824)**	(477)
3 766	3 405		**10 004**	8 576
3 766	3 405	Directors' valuation	**10 004**	8 576

Associated companies comprise:	Percentage holding	Issued capital	Financial year end	Nature of business
Northern Hardware and Glass (Proprietary) Limited	40,0%	10 000	February 28	Flat and auto glass fabrication and distribution
Matto Investments (Proprietary) Limited	49,9%	1 000	June 30	Investment holding company
All Glass Holdings (Proprietary) Limited	45,0%	100	June 30	Flat and auto glass installation and distribution
All Glass Gauteng (Proprietary) Limited	49,0%	100	June 30	Flat glass installation and distribution
Gulfstar Industries Incorporated	49,0%	100	June 30	Flat glass distribution

COMPANY 2000 R'000	COMPANY 1999 R'000		GROUP 2000 R'000	GROUP 1999 R'000
		11. OTHER UNLISTED INVESTMENTS		
275	275	Unitrade 28 (Proprietary) Limited	**275**	275
242	262	Weimershoek No. 81 (Proprietary) Limited	**242**	262
5	5	Plate Glass and Shatterprufe Industries Limited	**5**	5
–	–	Old Mutual Frontier Fund	**1 500**	–
522	542		**2 022**	542
522	542	Directors' valuation	**2 022**	542

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended June 30, 2000

COMPANY 2000 R'000	COMPANY 1999 R'000		GROUP 2000 R'000	GROUP 1999 R'000
		12. DEFERRED TAXATION		
–	–	Deferred taxation assets	**1 997**	–
(11)	(1 147)	Deferred taxation liabilities	**(3 443)**	(2 307)
(11)	(1 147)	**Net position**	**(1 446)**	(2 307)
(1 147)	(1 185)	Balance at beginning of the year	**(2 307)**	(2 683)
		Movements consisting of:		
1 136	29	Temporary differences	**(814)**	80
–	9	Tax losses utilised	**59**	296
–	–	Foreign currency translation movement	**25**	–
–	–	Deferred assets previously not recognised	**1 591**	–
(11)	(1 147)	Balance at end of the year	**(1 446)**	(2 307)
		The deferred taxation assets/(liabilities) arose as follows:		
–	(4)	Plant and machinery	**(1 704)**	(1 080)
–	(15)	Leased assets	**(366)**	(278)
–	–	Deemed recoupment on expiry of financial leases	**241**	207
–	(1 137)	Provisions	**(2 428)**	(1 428)
(11)	–	Prepayments and retentions	**(121)**	(25)
–	9	Tax losses	**2 932**	297
(11)	(1 147)		**(1 446)**	(2 307)
		13. INVENTORIES		
		Inventories consist of :		
–	–	– Raw materials and consumables	**12 591**	5 466
–	–	– Finished goods	**54 268**	34 130
–	–		**66 859**	39 596
		14. ORDINARY SHARE CAPITAL AND PREMIUM		
		Authorised ordinary share capital		
1 500	1 500	**300 000 000** ordinary shares of **0,5** cent each	**1 500**	1 500
		Issued ordinary share capital		
957	726	**191 490 474** (1999: 145 160 524) ordinary shares of **0,5** cent each	**957**	726
100 595	37 718	Share premium on ordinary shares issued	**100 595**	37 718
(3 537)	(2 711)	Share issue expenses written off against share premium	**(3 537)**	(2 711)
		Contingently issued ordinary share capital		
18	–	**3 487 500** (1999: nil) contingently issued ordinary shares of **0,5** cent each	**18**	–
9 188	–	Share premium on contingently issued shares	**9 188**	–
107 221	35 733		**107 221**	35 733

COMPANY			GROUP	
2000 R'000	1999 R'000		**2000 R'000**	1999 R'000
		15. AMOUNTS DUE TO VENDORS		
		Due within one year:		
11 000	–	The Clearway Group vendors	**11 000**	–
–	9 599	Dowse Aluminium (Proprietary) Limited vendors	**–**	9 599
–	5 200	Africa Glass Mirrors (Proprietary) Limited vendors	**–**	5 200
		Due thereafter:		
11 000	–	The Clearway Group vendors	**11 000**	–
22 000	14 799		**22 000**	14 799
(11 000)	(14 799)	Less: amounts due for settlement within one year	**(11 000)**	(14 799)
11 000	–	Amounts due for settlement after one year	**11 000**	–
		The amounts due to the vendors of Clearway arose in terms of an agreement to acquire the outstanding equity interests in Clearway, with effect from July 1, 1999. The amounts are interest free, unsecured and will be settled by the issue of shares as detailed on page 35, in the report of the directors, and the balance in cash during September 2000 and September 2001 respectively.		
		16. SHAREHOLDERS' LOANS		
–	–	Shareholders' loans which are unsecured, interest free and have no fixed terms of repayment	**539**	590
–	–	Shareholder's loan which is unsecured, bears interest at 12% per annum and has no fixed terms of repayment	**473**	1 322
–	–		**1 012**	1 912
		17. PREFERENCE SHARE CAPITAL AND PREMIUM		
		Authorised preference share capital		
–	–	30 cumulative redeemable preference shares of R1 each (rands)	**30**	30
–	–	300 000 cumulative redeemable preference shares of 1 cent each (rands)	**3 000**	3 000
		Issued preference share capital		
–	–	233 445 cumulative redeemable preference shares of 1 cent each	**2**	2
–	–	Preference share premium balance at end of the year	**698**	698
–	–		**700**	700
		The cumulative redeemable preference shares of 1 cent each have a dividend rate of 16% and are redeemable at the option of the issuer at a premium of R2,99 each.		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended June 30, 2000

COMPANY			GROUP	
2000	1999		**2000**	1999
R'000	R'000		**R'000**	R'000
		18. BORROWINGS		
–	–	Bank loans – unsecured	**151**	217
–	–	Other loans – unsecured	**1 471**	100
–	–		**1 622**	317
		The borrowings are repayable as follows:		
–	–	On demand or within one year	**1 179**	171
–	–	In the second year	**443**	72
–	–	In the third to fifth years inclusive	**–**	74
–	–		**1 622**	317
–	–	Less amounts due for settlement within one year	**(1 179)**	(171)
		(Shown under current liabilities)		
–	–	Amount due for settlement after one year	**443**	146
		The average interest rates paid were as follows:		
–	–	Bank loans	**7%**	7%
–	–	Other loans	–	–

Analysis of borrowings by currency:

	GROUP			
	2000		1999	
	Rand	**DM**	Rand	DM
Bank loans	**–**	**151**	–	217
Other loans	**1 471**	**–**	100	–
	1 471	**151**	100	217

19. OBLIGATIONS UNDER FINANCE LEASE AGREEMENTS

Amounts payable under instalment sale and finance lease agreements:

	Minimum lease payments		Present value of minimum lease payments	
	2000	1999	**2000**	1999
	R'000	R'000	**R'000**	R'000
GROUP				
Within one year	**5 746**	6 530	**4 376**	5 045
In the second to fifth years inclusive	**8 189**	8 314	**6 540**	7 049
	13 935	14 844	**10 916**	12 094
Less: future finance charges	**(3 019)**	(2 750)	**–**	–
Present value of lease obligations	**10 916**	12 094	**10 916**	12 094
Less: amounts due for settlement within one year (shown under current liabilities)	**(4 376)**	(5 045)	**(4 376)**	(5 045)
Amounts due for settlement after one year	**6 540**	7 049	**6 540**	7 049
COMPANY				
Within one year	**–**	267	**–**	218
In the second to fifth years inclusive	**–**	134	**–**	125
	–	401	**–**	343
Less: future finance charges	**–**	(58)	**–**	–
Present value of lease obligations	**–**	343	**–**	343
Less: amounts due for settlement within one year (shown under current liabilities)	**–**	(218)	**–**	(218)
Amounts due for settlement after one year	**–**	125	**–**	125

Analysis of borrowings by currency:	**Rand**	**N$**
2000	**6 443**	**97**
1999	6 952	97

It is the Group's policy to purchase certain of its property, plant and equipment under instalment sale or finance lease agreements. The average lease term is 3 – 5 years. The leases bear interest at an average effective borrowing rate of 13,5%. All leases are on the fixed repayment basis. The fair value of the Group's lease obligations approximates their carrying amount.

The Group's obligations under the leases are secured by assets having a book value of **R12 776 109** (1999: R9 659 585).

20. OTHER FINANCIAL ASSETS

Trade and other receivables comprise amounts receivable for the sale of goods, loan amounts due from employees and other sundry receivables. The average credit period taken on sale of goods is 86 days. An allowance has been made for estimated irrecoverable amounts from the sale of goods.

Bank balances and cash comprise cash and short-term deposits held by the Group Treasury Division. The carrying amount of these assets approximates their fair value.

Credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and the current economic environment. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

21. OTHER FINANCIAL LIABILITIES

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 88 days.

22. BANK BORROWINGS

The banking facilities granted to the Group are unsecured. There are cross guarantees between Group companies and the Group has undertaken not to encumber assets without the prior written consent of its various bankers.

23. CONTINGENT LIABILITIES

Group
Subsidiary companies have issued bond customs rebate store guarantees in the amount of **R152 500** (1999: R152 500).
A subsidiary company has issued contract and performance guarantees in the amount of **R40 500** (1999: R40 500).

Outstanding letters of credit amount to **R947 000** (1999: R277 868).

Company
The Company has provided surety for the bank overdrafts of certain of its subsidiaries. These subsidiaries had positive bank balances at June 30, 2000.

The Company has undertaken to subordinate **R150 000** (1999: R676 837) of its loans to certain of its subsidiaries in favour of creditors as at June 30, 2000, until such time as the assets, fairly valued, exceed their liabilities.

COMPANY 2000 R'000	1999 R'000		GROUP 2000 R'000	1999 R'000
		24. PROVIDENT FUND		
		The Group has defined contribution provident funds in terms of which retirement benefits are determined by reference to contributions to the funds. These funds are governed by the Pension Funds Act of 1956.		
		25. COMMITMENTS		
		Property operating lease commitments contracted for but not provided in the financial statements.		
–	6 116	Due within one year	**17 215**	13 863
–	13 760	In the second to fifth year inclusive	**42 362**	26 916
–	–	Due thereafter	**66 231**	–
–	19 876		**125 808**	40 779
		Other operating lease commitments contracted for but not provided in the financial statements.		
–	–	Due within one year	**2 303**	2 289
–	–	Due in the second to fifth year inclusive	**2 827**	2 026
–	–	Due thereafter	**–**	–
–	–		**5 130**	4 315

SCHEDULE A
Schedule of Interests in Subsidiary Companies
June 30, 2000

Details of direct and indirect holdings in subsidiaries are as follows:

	Issued capital 2000	**Percentage holding 2000 %**	Percentage holding 1999 %	**Shares 2000 R**	Shares 1999 R	**Indebted-ness 2000 R**	Indebted-ness 1999 R
Africa Glass (Pty) Ltd	**1**	**100**	100	*	*	*	*
Africa Glass (Botswana) (Pty) Ltd	**100**	**100**	100	*	*	*	*
Africa Glass Cape (Pty) Ltd	**1 000**	**100**	100	*	*	*	*
Africa Glass Distribution (Pty) Ltd	**1 000**	**100**	100	*	*	*	*
Africa Glass Export (Pty) Ltd	**200**	**100**	100	**760 162**	760 162	**–**	–
Africa Glass Group Services (Pty) Ltd	**100**	**100**	100	**100**	100	**5 000 000**	5 501 612
Africa Glass International Holdings Inc. (Registration number 259 888)	**US$10 000**	**100**	100	**33 644 550**	33 644 550	**–**	1 996 500
Africa Glass Industries (Pty) Ltd (Incorporated in the Republic of Bophuthatswana)	**2**	**100**	100	*	*	*	*
Africa Glass Manufacturing (Pty) Ltd	**100**	**100**	100	*	*	*	*
Africa Glass Mirrors (Pty) Ltd	**20 000**	**100**	100	**8 249 000**	8 249 000	**–**	–
Africa Glass Namibia (Pty) Ltd	**604**	**70,5**	70,5	*	*	*	*
Africa Glass Natal (Pty) Ltd	**300**	**100**	100	*	*	*	*
Africa Glass Nelspruit (Pty) Ltd	**2 000**	**100**	100	*	*	*	*
Africa Glass Property Services (Pty) Ltd (Formerly Shurprops 40 (Pty) Ltd)	**100**	**100**	–	**1 110 000**	–	**1 490 000**	–
Africa Glass SA Holdings (Pty) Ltd	**19**	**100**	100	**12 491 961**	12 491 961	**2 690 657**	2 690 657
Africa Glass S.I.G. Units (Pty) Ltd	**1**	**100**	100	*	*	*	*
Africa Glass Swaziland (Pty) Ltd	**100**	**100**	100	*	*	*	*
Africa Glass Treasury (Pty) Ltd	**1**	**100**	100	**1**	1	**–**	191 123
AG International Trading Inc. (Registration number 17563)	**US$2**	**100**	100	*	*	*	*
AG Venture (Pty) Ltd	**1**	**–**	100	*	*	*	*
Avbar Investments (Pty) Ltd	**300**	**100**	100	**300**	300	**404 520**	464 645
Barbet Holding SA (Registration number 20859)	**US$1 040 980**	**100**	100	*	*	**2 237 400**	*
Clearway Aluminium Durban (Pty) Ltd	**100**	**100**	–	*	–	*	–
Clearway Holdings (Pty) Ltd (Formerly Flat Glass Industries (Pty) Ltd)	**100**	**100**	100	**60 100**	*	**25**	*
Clearway Sliding Doors (Pty) Ltd	**320**	**100**	–	**34 015 000**	–	**–**	–
Dabchick Holdings Ltd (Registration number 18285)	**US$100**	**100**	100	*	*	*	*
Distinctive Systems (Pty) Ltd	**300**	**100**	–	*	–	*	–
Dowse Aluminium (Pty) Ltd	**100**	**100**	100	**11 749 983**	11 749 983	**438 926**	438 926
Francolin Properties (Pty) Ltd	**1**	**100**	–	*	–	*	–
Harrier Limited (Registration number 42169)	**US$2**	**100**	100	*	*	*	*
IT For Africa (Pty) Ltd	**100**	**100**	100	**280 001**	280 001	**4 999**	4 999
KAB Allglass GmbH (Registration number 40972)	**DM50 000**	**100**	100	*	*	*	*
Lanner Limited (Registration number 13862)	**US$2**	**100**	100	*	*	*	*
Lawi A.G. (Registration number CH-1703012382-0)	**CHF50 000**	**100**	100	*	*	*	*
Monoglass Inc. (Registration number 13/3623532)	**US$100**	**82**	82	*	*	*	*
Oriole Services Inc. (Registration number 17562)	**US$2**	**100**	100	*	*	*	*
Pelican International Inc.	**US$2**	**100**	100	**5**	5	**–**	–
Profal (Pty) Ltd	**100**	**100**	–	*	–	*	–
Raider Glassworks (Pty) Ltd (Formerly Tempershield (Pty) Ltd)	**100**	**80**	100	*	*	*	*
Springs Motoglass and Mirrors (Pty) Ltd	**100**	**100**	100	*	*	*	*
The Aluminium Connection (Pty) Ltd	**100**	**100**	40	*	–	*	–
Uniglass Limited (Registration number 2413276)	**GBP475 000**	**100**	100	*	*	*	*
				102 361 163	67 176 063	**12 266 527**	11 288 462

Notes
*Denotes indirectly held subsidiaries
Issued share capital is denominated in rands unless otherwise stated.

SHAREHOLDING INFORMATION

ANALYSIS OF SHAREHOLDINGS

As at September 29, 2000, the last day to register for the dividend payable to shareholders of the Company on or about October 20, 2000, an analysis of the share register showed the following:

SIZE OF SHAREHOLDING	Number of shareholders	Percentage of shareholders	Number of shares held	Percentage of shares issued
0 – 50 000	268	80,8%	2 443 636	1,3%
50 001 – 100 000	14	4,2%	1 047 106	0,6%
100 001 – 500 000	19	5,7%	5 412 806	2,8%
500 001 – 1 000 000	7	2,1%	4 290 272	2,2%
1 000 001 – 5 000 000	14	4,2%	35 516 008	18,6%
5 000 001 – 10 000 000	5	1,5%	37 418 256	19,5%
Over 10 000 000	5	1,5%	105 362 390	55,0%
	332	100,0%	191 490 474	100,0%
CATEGORY OF SHAREHOLDING				
Individuals	254	76,5%	31 706 379	16,6%
Companies	6	1,8%	113 800	0,1%
Nominee companies	56	16,9%	48 117 599	25,1%
Investment companies	16	4,8%	111 552 696	58,2%
	332	100,0%	191 490 474	100,0%
SHAREHOLDER SPREAD				
Public shareholders	259	78,1%	75 936 147	39,7%
Non-public shareholders	73	21,9%	115 554 327	60,3%
– Directors, trustees and associates	72	21,6%	76 116 943	39,7%
– Persons interested, directly or indirectly, in 10% or more	1	0,3%	39 437 384	20,6%
	332	100,0%	191 490 474	100,0%

NOTE: Included in public shareholders are 39 nominee companies, several of which, although counted as single shareholders, are known to represent the interests of many beneficial shareholders.

MAJOR SHAREHOLDERS

Shareholders holding in excess of 5% of the issued share capital of the Company:

Alibar Investments (Proprietary) Limited	18 000 000	9,4%
Barricade Investments (Proprietary) Limited	17 115 456	8,9%
Darter International Inc.	39 437 384	20,6%
Livron Holding SA	20 287 080	10,6%
Whimbrel Limited	9 818 536	5,0%

Volumn traded July 14, 1999 to September 29, 2000 – 32 002 652

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of the shareholders of Africa Glass Industries Limited ("the Company") will be held in the boardroom, Corner Kruger Street and Mimetes Road, Denver Extension 11, Johannesburg on November 22, 2000, at 10 am for the following purposes:

As ordinary resolutions:

1. To receive and adopt the annual financial statements and Group annual financial statements for the year ended June 30, 2000.
2. To elect directors in accordance with the provisions of the articles of association of the Company to replace J B Rosenberg, J Martingano and M J E Geldenhuys, who retire by rotation and, being eligible, stand for re-election.
3. To elect as director in accordance with the articles of association, J C Saville who, being eligible, stands for election as a director.
4. To re-elect the auditors, Deloitte & Touche, for the ensuing year and to authorise the directors to determine the auditors' remuneration.
5. To approve the remuneration of the directors for their services as such.
6. To consider and, if deemed fit, to pass with or without modification the following ordinary resolutions:

6.1 "Resolved that, the directors be given a specific authority to issue to participants in the Africa Glass Industries Limited Share Incentive Scheme shares of 0,5 cent each which, in aggregate, do not exceed 14 361 786 shares being 7,5% of the issued share capital of the Company, provided that the price at which the shares shall be issued shall represent a discount not exceeding 10% of the weighted average traded price of the shares over the 30 days prior to the date of determination of the price of the issue and provided further that the authority and any issue pursuant thereto shall be in terms of the Companies Act 1973 (Act 61 of 1973), as amended, and the Listing Requirements of the Johannesburg Stock Exchange."

A 75% majority of the votes of all shareholders present or represented by proxy at the general meeting excluding controlling shareholders, their associates, any party acting in concert, and, if applicable, any shareholder who is participating in the issue and who is not regarded as being public in terms of the Listing Requirements of the Johannesburg Stock Exchange must be cast in favour of this resolution for this resolution to become effective.

6.2 "Resolved that, the unissued authorised shares (excluding for this purpose the 14 361 786 ordinary shares over which the directors are granted specific authority to meet the requirements of the Africa Glass Industries Limited Share Incentive Scheme in terms of resolution 6.1) in the capital of the Company be and they are hereby placed under the control of the directors of the Company as an unconditional general authority in terms of section 221 (2) of the Companies Act 1973 (Act 61 of 1973), as amended, with the power to allot and issue all or any portion of such shares at their discretion, subject to sections 221(3) and 221(1) of the Companies Act 1973 (Act 61 of 1973) as amended and the Listing Requirements of the Johannesburg Stock Exchange."

6.3 "Resolved that, subject to the passing of Ordinary Resolution 6.2 and in terms of the requirements of the Johannesburg Stock Exchange, the directors be given the general authority to issue ordinary shares of 0,5 cent each for cash as and when they see fit, subject to the following limitations:

6.3.1 that this authority shall not extend beyond 15 (fifteen) months from the date of this general meeting;

6.3.2 that issues in the aggregate in any one financial year will not exceed 10% of the Company's issued share capital, provided that such issues shall not in aggregate in any three-financial-year period exceed 15% of the Company's issued share capital;

6.3.3 that, in determining the price at which an issue of shares will be made in terms of this authority, the maximum discount at which securities will be issued shall be 10% of the weighted average traded price of the shares over the 30 days prior to the date on which the price of the issue is determined; and

6.3.4 any such issue will only be made to public shareholders as defined in the Listing Requirements of the Johannesburg Stock Exchange."

As more than 35% of the Company's issued securities are in the hands of the public, as defined by the Johannesburg Stock Exchange, the approval of a 75% majority of the votes cast by shareholders present or represented by proxy at this meeting is required for Ordinary Resolution 5.3 to become effective.

6.4 To consider and, if deemed fit, to pass with or without modification the following ordinary resolution:

"Resolved that the directors of the Company be and are hereby authorised and empowered to reduce the share premium account of the Company, which presently, in respect of shares actually issued, amounts to R97 057 147, by writing off against the Company's interest in subsidiaries, as and when and in such amount as the directors in their discretion deem fit, subject to the restrictions that such authority shall be valid until the Company's next annual general meeting and that the amount determined by the directors to be written off against the share premium account shall not exceed R94 499 746."

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

7.1 "Resolved that the articles of association of the Company be amended by the insertion of a new article numbered 71 to read as follows:

"SECRETARY

The appointment, powers, rights, remuneration and duties of the secretary of the Company shall be as set out in Chapter IXA of the Companies Act, 1973 (Act 61 of 1973), as amended, and amended by the Companies Amendment Act, 37 of 1999.""

The reason for and effect of this special resolution is to amend the Company's articles of association to comply with the Companies Act, 1973 (Act 61 of 1973), as amended, as amended by the Companies Amendment Act, 37 of 1999.

7.2 "Resolved that the directors of the Company be and are hereby authorised, by way of a general authority, to acquire shares issued by the Company in terms of sections 85(2) and 85(3) of the Companies Act, 1973 (Act 61 of 1973), as amended and in terms of the Rules, Regulations and Requirements of the Johannesburg Stock Exchange, such that:

(a) any such acquisition of shares shall be implemented on the Johannesburg Stock Exchange;

(b) this general authority is in the form of a renewable mandate and is valid until the Company's next annual general meeting, but it shall not extend beyond 15 months from the date of this general meeting;

(c) a paid press announcement, containing full details of the shares concerned, will be published as soon as the Company has acquired shares constituting, on a cumulative basis, 3% of the number of shares in issue prior to the acquisition pursuant to which the 3% threshold is reached;

(d) acquisitions in the aggregate in any one year may not exceed 10% of the Company's issued share capital nor may acquisitions in aggregate from the date of the passing of this special resolution exceed 10% of the Company's issued share capital at the date of the passing of this special resolution;

(e) in determining the price at which shares issued by the Company are acquired by it in terms of this authority the maximum premium permitted will be 5% of the weighted average closing price as determined over the five days immediately preceding the date of acquisition of those shares by the company; and

(f) shares may not be acquired if, as a result of any such acquisition, the Company will or may be unable to pay its debts as they become due in the ordinary course of business, or the value of the consolidated assets of the Company fairly valued will or may be less than the consolidated liabilities of the Company."

The reasons for and effects of special resolution number 7.2 are to grant the Company a general approval in terms of the Companies Act, 1973 (Act 61 of 1973), as amended, for the acquisition by the Company of its own shares, which general approval shall be valid until the earlier of the next annual general meeting of the Company or its variation or revocation of such general authority by special resolution by any subsequent general meeting of the Company provided that the general authority shall not extend beyond 15 months from the date of this general meeting. The directors do not propose to act under the authority if granted but believe it prudent to provide for a general authority until the next annual general meeting of the Company. Any acquisition will be made by means of an acquisition through the sponsoring broker of the company, as agent for and on behalf of the Company through the Johannesburg Stock Exchange JET System. The directors are of the view that, if the acquisition by the Company of the maximum number of shares permitted to be acquired in terms of this special resolution is implemented:

(i) the ability of the Company to pay its debts as they become due in the ordinary course of business will not be affected;

(ii) the consolidated assets of the Company, fairly valued, will exceed the consolidated liabilities of the Company;

(iii) the capital of the Company will be adequate for its ongoing business; and

(iv) the Company will have sufficient working capital for its ongoing business requirements.

To attend to such other business as may be raised at the meeting.

A member who is entitled to attend and vote at the annual general meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. The person so appointed need not be a member of the Company. A proxy form is enclosed for use at this annual general meeting. Proxy forms should be forwarded to reach Africa Glass Industries Limited's registered office not later than 24 hours before the time fixed for the meeting.

By order of the board

J BRosenberg
Company secretary

September 11, 2000

DIARY AND ADMINISTRATION

SHAREHOLDERS' DIARY

Financial year-end	June 30
Last date to register for dividend of 5,5 cents per share	September 29, 2000
Dividend payment	On or about October 20, 2000
Annual general meeting	November 22, 2000
Reports and profit statements	
– Interim report for 6 months ended December 31, 2000	Published March 2001
– Annual report for year ended June 30, 2001	Published October 2001

ADMINISTRATION

Africa Glass Industries Limited
Incorporated in the Republic of South Africa
Registration number 1980/004051/06

Company Secretary
J B Rosenberg

Registered Office
Corner Kruger Street and Mimetes Road
Denver Extension 11
Johannesburg, 2094
Telephone (011) 622-1754
Fax (011) 615-7050

Postal Address
PO Box 40443
Cleveland, 2022

Website
www.afglass.co.za

Transfer Secretaries
Mercantile Registrars Limited
11 Diagonal Street
Johannesburg, 2001
PO Box 1053
Johannesburg, 2000
Telephone (011) 370-5000
Fax (011) 370-5271

Auditors
Deloitte & Touche
20 Woodlands Drive
Woodmead
Sandton, 2146

Principal Bankers
The Standard Bank of South Africa Limited
Sandton Commercial Suite
1st Floor
156 Fifth Street
Sandton, 2199

FORM OF PROXY

For use by ordinary shareholders ("ordinary shareholders") of Africa Glass Industries Limited ("the Company") for the annual general meeting of the Company to be held on Wednesday, November 22, 2000 at 10 am ("the annual general meeting").

I/We

(Name/s in block letters)

being the registered holder/s of ordinary shares in the Company, appoint (see note 1):

1. or failing him

2. or failing him

3. the chairman of the annual general meeting

as my/our proxy to act for me/us and on my/our behalf at the annual general meeting and at any adjournment thereof which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and to vote for and/or against the resolutions and/or abstain from voting in respect of the ordinary shares registered in my/our name/s, in accordance with the following instructions:

Agenda item	*Vote for	*Vote against	*Abstain
1. Adoption of annual financial statements			
2.1 Election of directors en Bloc			
2.2 Re-election of directors:			
J B Rosenberg			
J Martingano			
M J E Geldenhuys			
3. Election of J C Saville (as a director)			
4. Re-election and remuneration of auditors			
5. Remuneration of directors			
6.1 Authority to directors to issue shares to participants in the Africa Glass Industries Limited Share Incentive Scheme			
6.2 Unconditional general authority to directors until the next annual general meeting to allot and issue shares			
6.3 Authority to directors to allot and issue shares for cash			
6.4. Authority to directors until the next annual general meeting to reduce the share premium account			
7.1 Insertion of article 71 regarding powers, rights and duties of the secretary			
7.2 General authority to acquire shares			

Signed at on 2000

Signature

Assisted by me `(where applicable)

*See note 2 on the reverse side of this form.

A member who is entitled to attend and vote at the annual general meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. The person so appointed need not be a member of the Company.

Note: For instructions on the completion of this form, please see the notes on the reverse side of this form.

NOTES TO FORM OF PROXY

1. A member who is entitled to attend and vote at the annual general meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. The person so appointed need not be a member of the Company. The person whose name stands first in the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.

2. A proxy may vote on a show of hands and on a poll. An ordinary shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that ordinary shareholder in the appropriate box/es provided. Failure to comply with the above will be deemed to authorise the chairman of the annual general meeting, if he is the authorised proxy, to vote in favour of the resolutions at the annual general meeting, or any other proxy to vote or to abstain from voting at the annual general meeting as he deems fit in respect of the shareholder's votes exercisable thereat. Any alteration made to this form of proxy must be initialled.

3. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such shareholder wish to do so.

4. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form.

5. This form of proxy must be signed by all joint shareholders.

6. Proxy forms must be lodged at the registered office of the Company or posted to Mr J B Rosenberg, company secretary, Africa Glass Industries Limited, PO Box 40443, Cleveland, 2022, to be received not later than 24 hours before the time fixed for the annual general meeting.

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GENERAL INFORMATION

DEFINITIONS

"the Company"	Africa Glass Industries Limited
"the Group"	the Company, its subsidiaries and associated companies
"Gulfstar"	Gulfstar Industries Inc. based in the state of Florida U.S.A.
"Kal Aluminium"	Dowse Aluminium (Proprietary) Limited which trades under the name "Kal Aluminium"
"Clearway"	Clearway Holdings (Proprietary) Limited and its wholly owned subsidiaries: Clearway Sliding Doors (Proprietary) Limited, Clearway Aluminium Durban (Proprietary) Limited, Profal (Proprietary) Limited and Distinctive Systems (Proprietary) Limited
"the Share Incentive Scheme"	the Africa Glass Industries Limited Share Incentive Scheme
"loose lite"	refers to the trading of glass by the sheet as opposed to by the "case lot"
"case lots"	cases of glass sheets
"monolithic glass"	unlaminated glass
"mark-to-market"	the procedure of daily valuation of a fluctuating exposure

AFRICA GLASS

TEMPERSHIELD toughened

KAL-ALUMINIUM

SAF-T-LITE

MIRAGE MIRRORS

Clearway Sliding Doors

MIRROR 2000

The Aluminium Connection (Pty) Ltd.

KAL-KOTE

UNIGLASS LIMITED

SAF-T-GUARD

INSUL-THERM

KAB – ALLGLASS

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