

FEATURES

	Year ended 31 March		Change %
	2001 Audited	2000 Pro forma Unaudited Restated	
Results (Rm)			
Revenue	4 735.1	3 842.3	23
Profit from operations before finance costs	580.5	618.5	(6)
Headline earnings	222.9	277.3	(20)
Balance sheet and cash flow (Rm)			
Total assets	5 178.0	4 854.2	7
Cash inflow from operating activities	297.0	14.2	
Share performance (cents per share))			
Headline earnings	67.5	87.2	(23)
Dividend (interim - paid : final - declared)	34.0	48.0	
Year end market price	460	550	
Financial ratios			
Net worth per share (cents)	403.9	359.1	
Return on net assets (%)	14.7	19.3	
Gearing (%)	85.7	92.4	
Dividend cover (times)	2.0	1.8	
Interest cover (times)	3.2	3.9	
Price : headline earnings ratio	6.8	6.3	

ACQUISITION OF ZAMBIA SUGAR

DISPOSAL OF MON TRESOR AND MON DESERT

Change of the financial year

In the previous financial period, the group changed the end of its financial year from 30 September to 31 March, to coincide the financial year with the sugar seasons of its African-based operations.

Consequently, the previous audited reporting period covered by this annual report is of six months duration only. This needs to be taken into account when making comparisons with the current financial year. To provide a better understanding, pro forma figures for the year ended 31 March 2000, as compared with those of the current financial year, are provided in the features page, the seven year review on page 32 and the group income statement on page 52.

2001



GROUP PROFILE



Illovo Sugar is a leading, global, low cost sugar producer and a significant manufacturer of high-value downstream products. The group has extensive agricultural and manufacturing operations in Southern Africa and also operates a beet sugar manufacturing plant in the United States. Downstream operations include the manufacture of syrup, furfural, furfuryl alcohol, diacetyl, acetoin, 2,3-Pentanedione, ethyl alcohol, lactulose and dextran. Illovo Sugar is listed on the JSE Securities Exchange South Africa.

The productive base of the group has increased materially to approximately 5.4 million tons of cane and 2.2 million tons of sugar following the group's acquisition of Zambia Sugar in April 2001. The increased production takes into account the group's disposal of its 80.25% interest in Mon Tresor and Mon Desert Limited in Mauritius.

The group has agricultural estates in South Africa, Malawi, Swaziland, Zambia and Tanzania. Collectively they produce approximately 5.4 million tons of cane, of which a high proportion is grown under irrigation, with well above average growing conditions, resulting in good cane yields and high sucrose content. Group sugar production of almost 2.2 million tons of sugar derives from South Africa at 1.25 million tons, Malawi 240 000 tons, Swaziland 220 000 tons, Zambia 205 000 tons, Tanzania 75 000 tons and United States 185 000 tons. It is expected that Maragra in Mozambique, as a result of the excellent progress made in rehabilitating the agricultural estates after last year's floods, will produce approximately 12 000 tons of sugar in a shortened milling season in 2001 and will return to full production in 2002.

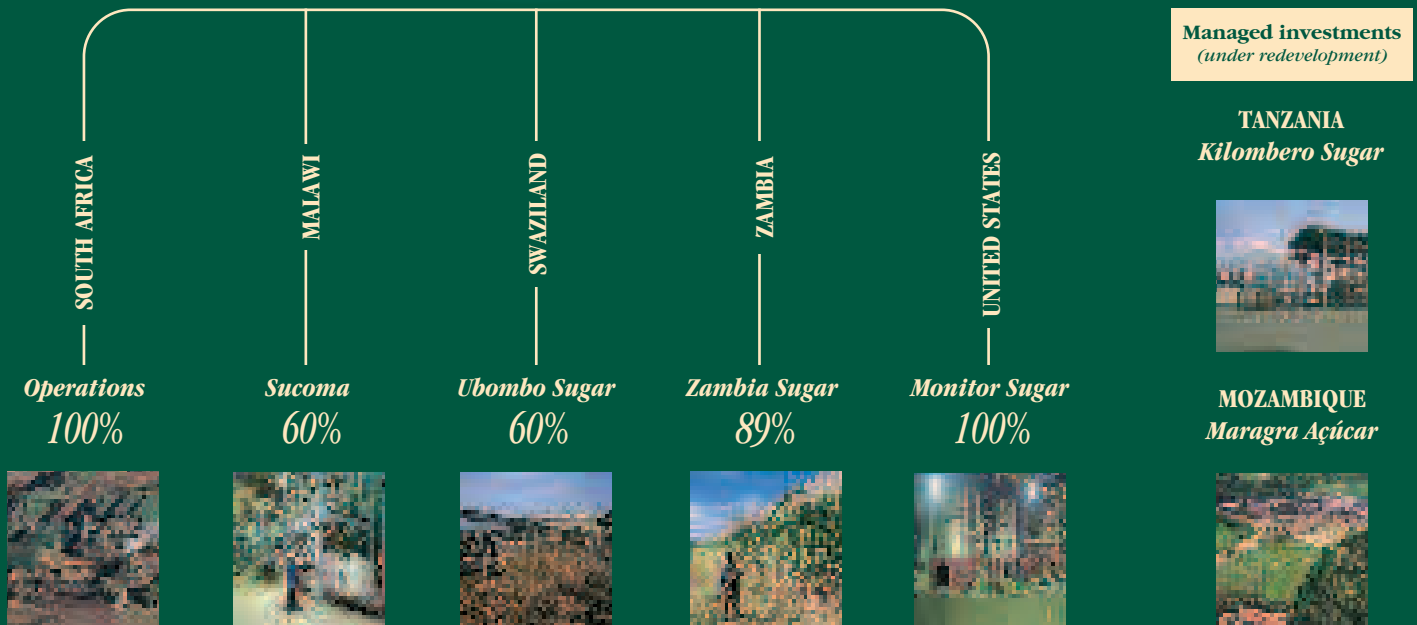
A recent independent international survey reveals that cane sugar production costs in Malawi, Zambia, South Africa and Swaziland are amongst the lowest in the world, while the production costs of Monitor Sugar, which produces sugar from beet, are also amongst the lowest in the United States.

The group is a major supplier of sugar to Southern African consumer and industrial markets particularly in South Africa, Swaziland, Malawi, Zambia and Tanzania. In Malawi, Illovo is the country's sole sugar producer whilst Zambia Sugar has a 97.5% share of all locally produced sugar. Illovo has significant access to preferential markets in Europe and the United States and will also benefit from the new SADC Sugar Protocol on Trade, which will allow Southern African sugar producers outside South Africa to export sugar into the South African Customs Union (SACU) market. The group, through the South African and Swaziland industries, also exports sugar into the world free market. Sugar produced at Monitor is sold in the local US market.

The majority of downstream products are sold internationally into high-value, niche markets. Furfural and its derivatives are made at the Sezela mill complex on the south coast of KwaZulu-Natal while high quality ethyl alcohol, from which various grades of alcohol are made, is produced at the Merebank plant near Durban and at the Glendale distillery on the north coast. Lactulose and dextran are made at Merebank. Beet pulp produced at Monitor is sold directly in the local US market and into Canada. Syrup is produced and marketed in South Africa under the Illovo brand name.

The Illovo group, throughout its African operations, provides considerable support for small-scale farmers in order to promote agricultural and economic development. With the acquisition of Zambia Sugar, total cane supplies from small-scale growers has increased to almost two million tons. Increasingly, the group has also focused its attention on medium-scale farmers and has in place various programmes to assist local entrepreneurs to purchase their own farms and to build up their cane growing operations. Associated with this is the promotion and support given to the development of small to medium-sized businesses to supply goods and services, not only to growers, but also to the group. Social investment programmes are undertaken in every country of operation, having been adapted to local conditions and requirements.

GROUP STRUCTURE



GOALS AND OBJECTIVES

PRIMARY OBJECTIVE

- To enhance the wealth of stakeholders by optimising the long term returns and growth of the business.
- To be a world class organisation and amongst the most efficient and lowest-cost producers in the world.

GROWTH

- To expand the group's sugar and cane production.
- To consolidate and improve the profitability of downstream products and further develop new applications where appropriate.
- To seek new opportunities for sugar and downstream products nationally and internationally.

PROFITABILITY

- To achieve a competitive rate of return on shareholders' funds and increase profits on an ongoing basis in real terms.
- To maintain a dividend cover of between two and three times.

ASSET MANAGEMENT

- To manage investments in fixed assets and working capital so as to achieve the most efficient usage of funds employed with the objective of achieving gearing of not more than 40% and an interest cover of not less than five times.

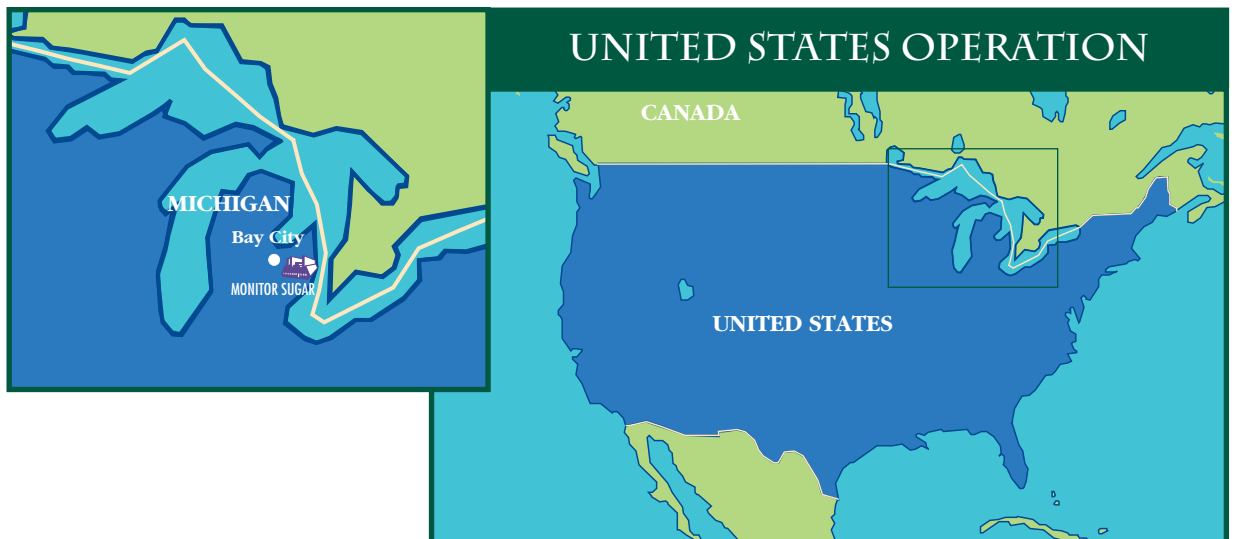
PRODUCT DEVELOPMENT

- To be proactive in identifying the needs of our customers.
- To consistently deliver quality products and services to our customers.

HUMAN RESOURCES

- To promote the ongoing development of all our employees in order that they reach their maximum level of competence and participate fully in achieving the group's primary objective.
- To offer equal opportunity to all employees.

GROUP LOCATIONS



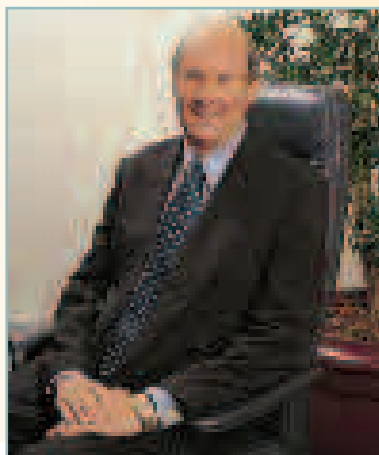
OPERATIONS

Operation	Cane growing	Sugar manufacturing	Sugar refining	Sugar packaging	Downstream production	Warehousing & distribution
South Africa						
Pongola		■	■	■		■
Umfolozi		■	■	■		■
Gledhow	■	■	■	■		■
Glendale					■	
Noodsberg	■	■	■	■		
Eston	■	■			■	
Sezela	■	■			■	
Umzimkulu	■	■		■		
Merebank					■	
Durban						■
Malawi						
Nchalo	■	■	■	■		■
Dwangwa	■	■	■	■		■
Swaziland						
Ubombo	■	■	■			■
Zambia (Acquisition effective April 2001)						
Nakambala	■	■	■	■		■
United States						
Monitor		■	■	■	■	■
Tanzania						
* Kilombero	■	■		■		■
Mozambique						
* Maragra		■		■		■

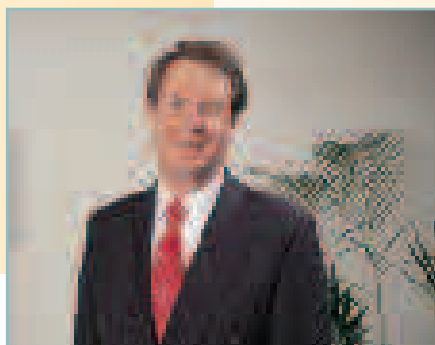
* under redevelopment

DIRECTORATE

EXECUTIVE DIRECTORS

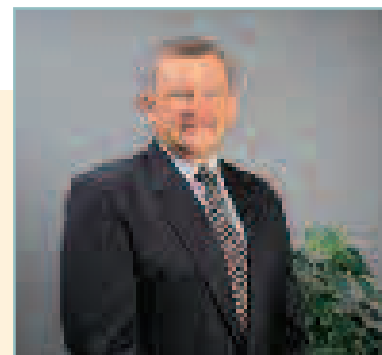


D G MacLeod (54) *
B.Com., A.M.P. (Oxon)
 Appointed to the board in 1983
 Managing Director



W M A Buchanan (51)
S.E.P. (Stanford), CM(S.A.), B.Tech. (Mkt.)
 Appointed to the board in 1996
 Marketing Director

G J Clark (Australian) (45)
B.Acct.(Hons.), A.C.A.
 Appointed to the board in 1997
 Operations Director - Africa



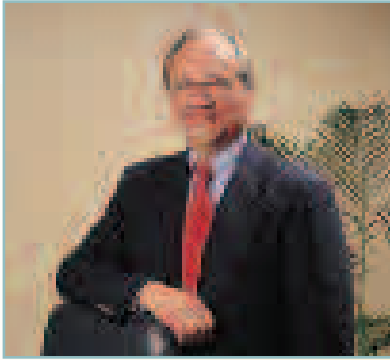
N M Hawley (44)
B.Com.(Hons.)
 Appointed to the board in 1998
 Human Resources Director

CHAIRMAN

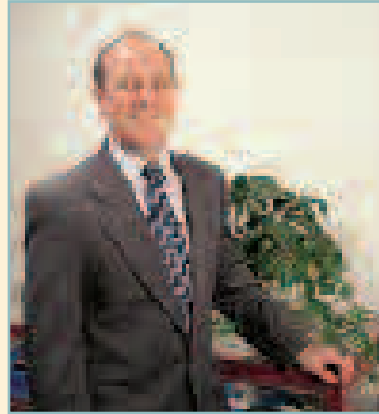
R A Williams (59) * #
B.A., LL.B.
 Appointed to the board in 1985
 Chairman of Tiger Brands Limited
 Director of companies

NON-EXECUTIVE DIRECTORS

Name	Qualifications	Appointed to the Board	Position
D E Cooper (61) #	C.A.(S.A.)	1989	Chairman of Standard Bank Investment Corporation Limited. Director of companies
B P Connellan (60)	C.A.(S.A.)	1993	Chairman of Nampak Limited. Director of companies
R D Hamilton (63)	B.Sc., B.Com.	1989	Director of companies
D Konar (Dr) (47) *	C.A.(S.A.), M.A.S.(Illinois), D.Com.	1995	Director of companies
D D B Mkhwanazi (48)	B. Admin., P.M.D. (Harvard)	1993	Management Consultant. Director of companies
A R Mpungwe (50) (Tanzanian)	B.A.(Hons.)	2001	Management Consultant. Director of Companies
R A Norton (62) * #	M.A. (Oxon)	1997	Director of companies



R L Hetzler (USA) (56)
B.A. (Indiana), J.D. (Michigan)
Appointed to the board in 1992
President and Chief Executive Officer
of Monitor Sugar Company



G D Knox (British) (52)
B.Com.
Appointed to the board in 1996
Administration Director



A B Ravnö (Dr) (62)
Ph.D., A.M.P. (Harvard)
Appointed to the board in 1992
Technical Director

J T Russell (52)
A.C.M.A.
Appointed to the board in 1993
Financial Director



B M Stuart (53)
B.Com., Dip. Sugar Tech., S.E.P. (Stanford)
Appointed to the board in 1994
Operations Director - South Africa

SENIOR MANAGEMENT

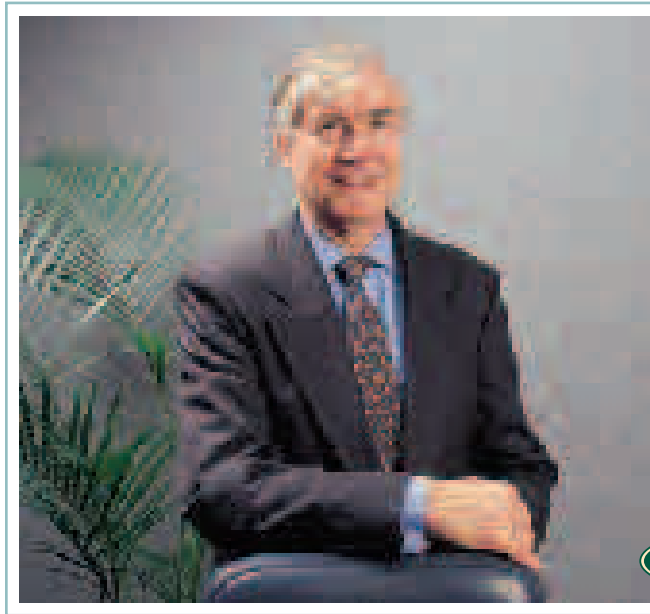
Name	Qualifications	Joined the group	Operational responsibility
GROUP OPERATIONS			
P G Braithwaite (58)	Pr. Eng., B.Sc. Agric. Eng.	1980	Agriculture
E J Cheevers (Dr) (58)	M.B., DOH, DPH, AMP	1986	Medical services
D G Coates (50)	H.N.Dip. Mech. Eng., G.C.O.C.	1983	Technical
D E Howells (37)	C.A.(S.A.)	1995	Finance
D A Schaller (37)	B.Com., A.C.M.A.	1999	Information technology
M A Walsh (53)	B.Com., C.A.(S.A.)	1988	Projects
SOUTH AFRICA OPERATIONS			
Corporate Services			
H R Hackman (42)	B.Com.	2000	Industrial affairs
G E Hoppe (50)	H.E.D., Dip. Mkt. Mng. (I.M.M.)	1987	Sugar marketing
A Koen (56)	Cert. Eng., E.M.P. (Berkeley)	1982	Operations
C H Kyle (51)	B.Com., H.D.P.M.	1998	Human resources
A D Nourse (60)	C.A.(S.A.), A.M.P. (Harvard)	1998	Finance
Agriculture			
D H Carter-Brown (51)	B.Sc. Agric. Eng.	1978	Agriculture operations
D J Main (51)	B.Com., Dip. Agric.	1974	Small-scale growers
C B Pfothauer (52)	B.Com.	1977	Cane growing
Sugar and downstream production			
M T Crossman (55)	B.Sc. Eng., M.B.L.	1992	Pongola
St J T Field (55)	Dip. Sugar Tech., B.Sc. Mech. Eng.	1986	Umfolozi
S D Langton (40)	Pr.Eng., B.Sc. Eng.	1996	Sezela
G F Mann (47)	Dip. Sugar Tech.	1979	Noodsberg
S S Munsamy (46)	P.M.D., B.Tech. (Mngt)	1982	Umzimkulu
S Rau (49)	B.Sc. Agric.	1981	Gledhow
L W Riddle (41)	B.Com., C.A.(S.A.)	1986	Merebank
T C Wormald (55)	Dip. Sugar Tech.	1968	Eston
INTERNATIONAL OPERATIONS			
Malawi			
B M Stewardson (52)	B.Sc., P.C.M.A.	1986	Managing director
R J de Allende (42)	B.A.	1999	Marketing
D A Hardman (58)	B.Admin., B.Com.(Hons.)	1974	Human resources
H Hardy-Theobald (60)	Agric. Cert.	1968	Dwangwa
J E Horn (38)	C.A.(S.A.), A.C.M.A.	1999	Finance
G B O'Reilly (59)	Pr. Eng., B.Sc. Eng.	1972	Nchalo
T L Pearse (58)	M.Sc.	1997	Agriculture
Swaziland			
E I Williams (54)	Cert. Eng., S.M.S.A.I.E.E.	1984	Managing director
S Cloete (46)	G.C.O.C.	1980	Factory
D W H Cousens (52)	M.Sc.Eng., M.B.L.	1988	Agriculture
M Hlatswayo (43)	B.A.(Law)	1987	Human resources
K Rowney (53)	B.Com.	1992	Finance

Name	Qualifications	Joined the group	Operational responsibility
Zambia			
J M Moulton (52)	B.Sc.Eng., Nat.Dip.Tech.	1995	Managing director
F M Banda (50)	F.C.M.A., A.C.I.S.	1973	Finance
C M Bennie (51)	B.Com., C.A.(S.A.)	1987	Commercial
L Brouckaert (46)	B.Sc. Mech. Eng	1979	Factory
G Geldard (54)		2001	Agriculture
D Kabunda (38)	B.A. Pub. Admin, M.B.A.	1986	Human resources
R M L Katowa (40)	B.A., M.B.A.	1997	Marketing
United States			
J T Coleman (53)	M.B.A. Mktg., B.A. History	1995	Marketing
D A Keyser (44)	M.B.A., C.P.A.	1983	Finance
P D Pfenninger (46)	B.S. Bio.	1981	Agriculture
C D Rhoten (53)	B.S. Biochem.	1996	Factory
Tanzania			
D Haworth (52)	B.Sc. (Hons)	1999	Managing director
R Durrans (56)	B.Sc. Mech. Eng., M.I. Mech. Eng.	1981	Projects
J F K Nkandala (50)	B.Sc.Eng., M.B.A.	1999	Factories
R J Russell (40)	SHND Acc., F.C.C.A.	2001	Finance
J Verster (56)	B.A. (Hons), L.R.Dip. (Advanced)	1978	Human resources
Mozambique			
J P M De Robillard (54)	Dip. Sugar Tech.	1974	General manager
A J F Alexander (38)	B.Sc.Agric.(Hons.)	2001	Agriculture
A F Currie (48)	B.Com., Dip. Sugar Tech.	1998	Factory
J Madonsela (35)	I.P.M. Dip.	2001	Human resources
P Mashangu (30)	B.Tech.(Hons.)	2001	Finance

CORPORATE INFORMATION

Secretary:	G D Knox
Business address and registered office:	Illovo Sugar Park, 1 Montgomery Drive, Mount Edgecombe, 4300
Postal address:	P O Box 194, Durban, 4000
Telephone:	+27 31 508-4300
Telefax:	+27 31 508-4525
Website:	www.illovosugar.com
Transfer Secretaries:	Mercantile Registrars Limited
Business address:	11 Diagonal Street, Johannesburg, 2001
Postal address:	P O Box 1053, Johannesburg, 2000
Telephone:	+27 11 370-5000
Telefax:	+27 11 370-5721

Auditors:	Deloitte & Touche
Attorneys:	Garlicke & Bousfield Incorporated
Principal Bankers:	The Standard Bank of South Africa Limited, First National Bank of Southern Africa Limited and Rabobank International
Sponsor:	ING Bank N.V. South Africa Branch



Robbie Williams



CHAIRMAN'S STATEMENT

The past year has seen the group achieve record sugar and furfural production. Further progress was made in enhancing the company's position as a leading global, low-cost sugar producer through its acquisition of Zambia Sugar and the disposal of its Mauritian sugar interests with effect from April 2001. Headline earnings for the year declined by 20% to R222.9 million.

The major factors affecting the results were lower than expected production in Malawi and Swaziland caused by adverse weather conditions in the latter part of the season, significantly depressed sugar prices and high energy costs in the United States, the impact of the weaker Euro on preferential market sales especially in Mauritius, and increased finance costs. Earnings per share were 67.5 cents which is a reduction of 23% compared to last year.

The contribution to operating profits by sugar manufacture was 59%, cane growing 23%, and downstream and other operations 18%, whilst the contributions by country, excluding Tanzania and Mozambique which are presently treated as investments, were South Africa 39%, Malawi 31%, Swaziland 19%, Mauritius 8% and the United States 3%.

Zambia Sugar Plc, in which the company has acquired an 89.1% shareholding for approximately US\$20 million, is listed on the Lusaka Stock Exchange and last year produced 1.2 million tons of cane from its own agricultural operations and 209 000 tons of sugar. It is the country's major producer supplying most of the domestic demand of approximately 110 000 tons of sugar under the Whitespoon label, as well as exporting to regional markets and to Europe. The company benefited from a Special Preferential Sugar (SPS) allocation to supply 14 000 tons of sugar into Europe whilst, in terms of the recently agreed SADC Sugar Protocol, it is expected to supply 10 000 tons of sugar into South Africa.

The acquisition is a strategic fit for the group as Zambia Sugar is one of the world's lowest-cost sugar producers with excellent agricultural conditions, access to secure water supplies from the Kafue River for irrigation, and good factory operations. It further provides the group with the opportunity of being involved in an operation where it can add additional value.

The sale by the group of its 80.25% shareholding in Mon Tresor and Mon Desert Limited involved the disposal of a relatively high cost sugar producer, with limited expansion potential, which was heavily reliant on sales at preferential prices into Europe and the United States. In addition the company was dependant for a significant part of its earnings on its hotel operations which were non-core to Illovo. The sale proceeds have been used to reduce the group's long term borrowings and to finance the acquisition of Zambia Sugar.



The acquisition of Zambia Sugar is a strategic fit for the group as it is one of the world's lowest-cost sugar producers with good factory operations.

The European Union has approved a proposal under which all imports, other than armaments, are to be allowed into the EU duty free from the world's 48 Least Developed Countries (LDC's). However, in respect of sugar, rice and bananas it was agreed that there would be delays to full liberalisation. In the case of sugar, this would only be achieved by July 2009. Until Common Customs Tariff duties are entirely suspended a global tariff quota would be introduced. The initial tariff quota for sugar, commencing in July 2001, will be 74 185 tons thereafter increasing by 15% per annum. For imports over the tariff quota, duties will be reduced by 20% in July 2006, 50% in July 2007 and by 80% in July 2008. The basis of allocation of the tariff quota has yet to be announced. The ACP (African, Caribbean and Pacific) / EC Sugar Protocol is not expected to be impacted by the tariff quota tonnage but the SPS allocations could be reduced to provide for the new dispensation. The company's operations in Malawi, Tanzania, Mozambique and Zambia are expected to benefit from this new dispensation but Swaziland could be at risk of a reduction of its relatively small SPS allocation depending on whether or on what basis export allocations into Europe under the SPS are adjusted. Current discussions on the extension of the European Union sugar regime are of importance to the group's African operations. It is anticipated that the current provisions will be extended for between two and five years while the European agricultural policies are reviewed.

Another significant development during the year was the signing of the Southern African Development Community (SADC) Protocol on Trade which includes a special Sugar Co-operation Agreement. This agreement recognises that the world sugar market is highly distorted and that the world price for sugar is a 'dumped' or subsidised price. The protocol states that this results in the continuing need for most sugar producing countries to impose tariffs and non-tariff barriers against the free importation of sugar in order to protect their domestic industries. It further provides that for as long as the distortion continues "sugar will be a product requiring special dispensation within the framework of this protocol so that no sugar industry within the region will suffer". The long term objective of the agreement is to establish full liberalisation on trade in the sugar sector in the SADC region after the year 2012. The liberalisation will be on a reciprocal basis and will also involve the removal of non-tariff barriers. Over this period, the agreement also seeks to promote production and consumption of sugar and sugar-containing products according to fair trading conditions and to provide temporary measures to insulate member states from the destabilising effects of the distorted world market. Until full liberalisation occurs and with effect from 1 April 2001, market access on a non-reciprocal basis into the South African Customs Union (SACU) will be granted. This will be available to each SADC net surplus producer, including South Africa and Swaziland, and will be based on actual SACU market growth which, in the first year, is deemed to be 45 000 tons of

sugar. In addition, duty free access to the SACU sugar market for 20 000 tons of sugar per annum will be available to the non-SACU, SADC surplus sugar producing member states.

A Federation of SADC Sugar Producers was also established during the past year and will act to promote the common interests of sugar industries within SADC, in close co-operation with the Technical Committee on Sugar which was formed in accordance with the Sugar Co-operation Agreement.

The South African Sugar Act is currently the subject of a review by Government, and the sugar industry has made a submission to the Department of Trade and Industry in this regard. The aim of the review is to foster a more competitive environment in the local market (within the agreed framework for the optimal development of the sugar sector in both SACU and SADC) and to establish a positive legal position providing for limited government intervention rather than supporting an enabling position which sanctions regulation by the industry itself. The industry submission presupposes the continued existence of an import tariff to protect the industry but anticipates more competition in the domestic sugar and molasses market arrangements. The new Act is expected to come into effect from the 2002/03 season.

Directors

At a Board level, I would like to welcome Mr Ami Mpungwe who was appointed as a non-executive director in February 2001. Mr Mpungwe, the immediate past Tanzanian High Commissioner to South Africa, has extensive experience in Southern Africa and his advice will be of considerable value to the group. In addition, I am pleased to advise that Mr Martin Shaw, who recently retired as Chairman of Deloitte and Touche, has accepted an invitation to join the Board and his appointment will take effect from the beginning of June 2001. His wealth of business experience will be of particular benefit to the group.

I would also like to record our thanks and appreciation to Mr Georges Leung Shing, the managing director of Mon Tresor and Mon Desert Limited. Mr Leung Shing resigned his position following the sale of Illovo's interest in Mauritius. His contribution, together with that of his management and staff, is much appreciated.


Prospects

Normal growing conditions together with the acquisition of Zambia Sugar have boosted cane production forecasts for the 2001/02 season by 800 000 tons to approximately 5.4 million tons. This combined with focused maintenance programmes and improvements in sugar recoveries is expected to increase sugar production by around 250 000 tons to almost 2.2 million tons. Downstream production of diacetyl, acetoin, syrup and ethyl alcohol are all expected to reflect increased levels of output whilst furfural is expected to be marginally down due to a shorter crushing season at Sezela.

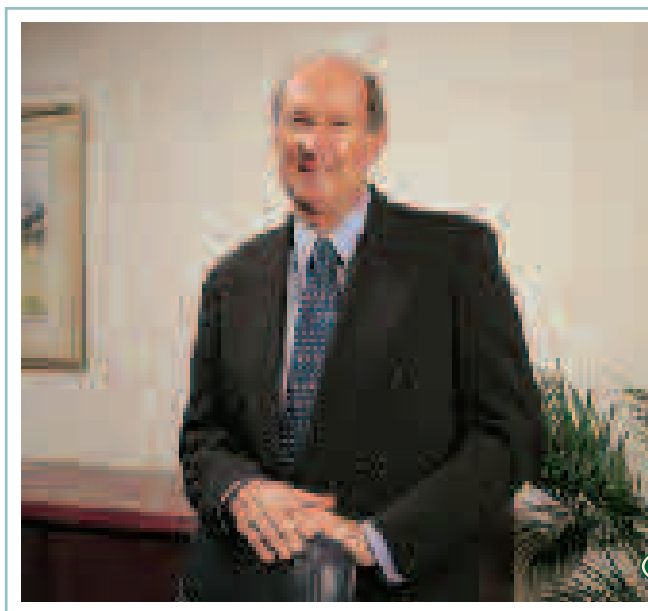
Improved prices for world sugar and downstream products and the weaker Rand, together with the increased levels of production, are expected to result in growth in headline earnings of around 40% being achieved in 2002.

Staff

On behalf of the Board, I would like to thank all the people of Illovo for their efforts and contributions during the past year, which has been a difficult one for the group. The year ahead has many opportunities and challenges as we continue to focus on being a successful, global low-cost sugar and downstream products producer.



R A Williams Durban
Chairman 21 May 2001



Don MacLeod *Managing Director*

REVIEW OF OPERATIONS

FINANCIAL RESULTS

In the financial year ended 31 March 2001, the group achieved turnover of R4.7 billion, operating profits of R575.8 million and headline earnings of R222.9 million. Compared to the pro forma results for the 12 month period to 31 March 2000, turnover increased by 23% with operating profits and headline earnings declining by 6% and 20% respectively. Earnings per share of 67.5 cents were 23% less than those achieved in the previous 12 months. The reduced earnings were the result of disappointing production in Malawi and Swaziland caused by adverse weather conditions in the latter part of the season, significantly depressed sugar prices and high energy costs in the United States, the impact of the weaker Euro on preferential market sales especially in Mauritius, and increased finance costs. The effective tax rate (excluding abnormal items) was 24.2% which was 4.3% higher than that applicable in the previous year. This rate is expected to be sustainable in future years. Attributable profit of R246.5 million includes profit on the sale of assets of R23.6 million. Net group borrowings of R1 483 million were R45 million above those at the end of the previous financial year, whilst financing costs increased by R26.2 million to R184.1 million. Borrowings are anticipated to reduce materially in the year ahead.

The contribution to operating profits by sugar manufacture was 59%, cane growing 23%, and downstream and other operations 18%, whilst the contributions by country, excluding Tanzania and Mozambique which are presently treated as investments, were South Africa 39%, Malawi 31%, Swaziland 19%, Mauritius 8% and the United States 3%.

OVERVIEW

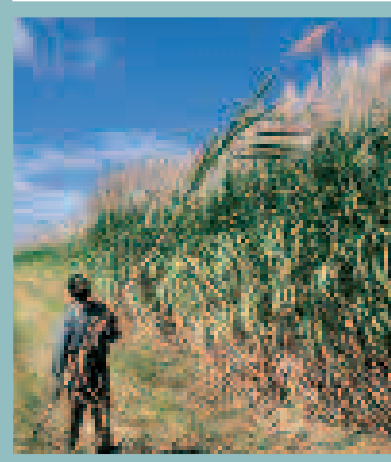
The group's productive base continued to expand with record sugar production of 1.921 million tons being achieved in the 2000/01 season. The increase over last year was attributable to good growing conditions and improved factory performance in South Africa, increased production in the United States and Tanzania and a return to near-normal operating conditions in Mauritius following the previous year's drought. Group cane production of 4.610 million tons was marginally above the previous record of 4.558 million tons set in 1998/99, with good increases in production over last season achieved in South Africa, Malawi, Mauritius and Tanzania.

The acquisition of Zambia Sugar Plc and the disposal of Mon Tresor and Mon Desert Limited subsequent to the year-end were significant developments which further enhance the group's objective of being Africa's leading sugar producer and a low-cost global producer. The impact of these transactions will be to increase the group's production to almost 2.2 million tons of sugar and to reduce the group's long-term borrowings.

REVIEW OF OPERATIONS *(continued)*



Agricultural operations in Zambia are significantly enhanced by excellent growing conditions, including access to secure water supplies for irrigation from the Kafue River, which result in above average yields in excess of 100 tons of cane per hectare and sucrose content of more than 15%.



Zambia Sugar's milling operations are of material size with an average cane throughput of 400 tons per hour and the capacity to produce more than 200 000 tons of sugar per annum.

Sugar and downstream products were sold into 83 countries during the year, further consolidating the group as a global supplier of high quality products.

The downstream plant at Sezela performed particularly well, achieving record production of 21 674 tons of furfural. Ethyl alcohol production at the Merebank plant made substantial progress in both product quality and quantity with the operation set to realise the full benefit of its recent expansion during the forthcoming year. During the last quarter of the financial year, global prices for downstream products improved significantly from their recent lows. The contribution from this sector of the business increased by 32% year on year.

At Monitor Sugar, the final phase of the molasses desugarisation project was completed with the commissioning of the molasses chemical softening plant. The benefit of the additional sugar obtained through this process will be realised in future years.

Following the flood in February 2000, which caused extensive damage to the newly planted cane fields, excellent progress has been made with the rehabilitation of the growers' agricultural estates at Maragra in Mozambique. As a result, the sugar factory, which was mothballed last year, will be recommissioned in the current year and is expected to crush approximately 100 000 tons of cane.

Last year saw an encouraging improvement in world prices for both sugar and downstream products. From a low of US\$150 per ton for raw sugar in April 2000, the world price rose to above US\$240 per ton in December 2000 but has recently fallen back to around US\$203. This, in combination with the strengthening of US Dollar against the Rand, is expected to have a positive impact on earnings in 2002.

During the year R304 million was spent on capital projects. Expansion capital amounted to R52 million of which the majority of the expenditure was incurred at Monitor with the completion of the molasses desugarisation project, and in Malawi on continuing improvements and expansion of the warehousing and packing facilities. At Monitor, capital was also incurred to meet environmental requirements.

The ongoing capital expenditure programme ensures that the group's factories are kept in a sound condition and that production quality meets world standards.

During the year, the group achieved first place in the industrial and manufacturing section of The South African Annual Report Awards organised by The Southern African Institute of Chartered Secretaries and Administrators and the JSE Securities Exchange, and finished ninth in the South African Global Company Awards co-ordinated by PricewaterhouseCoopers.



The ongoing capital expenditure programme ensures that the group's factories are kept in a sound condition and that production quality meets world standards.

The sugar packing station at Gledbow has been further modified and upgraded in order to meet the specific requirements of the factory's industrial customers.

MARKETS

The group supplies sugar and downstream products to a considerable range of domestic, regional and export markets. Sales to domestic markets in Southern Africa and the United States contributed 62% to total revenue while exports to 83 countries contributed 38%. 64% of sugar production by volume and 83% by value was sold into stable domestic or premium-priced markets.

DOMESTIC MARKETS

Sugar

The South African Customs Union (SACU) market is important for both the group's South African and Swaziland operations. In the 2000/01 season, South African industry sales into SACU showed growth of 5,7% over those of the previous season. Total sales into SACU amounted to 1.609 million tons of which 84% was refined and 16% was brown. South Africa supplied 1.269 million tons, Swaziland 262 000 tons, Zimbabwe 64 000 tons and others 14 000 tons.

The immediate outcome of the recently concluded Southern African Development Community (SADC) Sugar Co-operation Agreement will be to allow market access into SACU by each SADC net surplus producer on a non-reciprocal basis. This will be based on actual SACU market growth which, in the first year, is deemed to be 45 000 tons of sugar. In addition, duty free access into the SACU sugar market for 20 000 tons of sugar per annum will be available to the non-SACU, SADC surplus sugar producing member states. The total access available to non-SACU members is estimated to be approximately 29 000 tons in the 2001/02 season.

The Sugar Corporation of Malawi Limited (Sucoma) is the sole supplier of sugar to the Malawi domestic market with 62% of production being sold to industrial and consumer markets during the year. In Swaziland, Ubombo has a 39% share of domestic sales of sugar marketed by the Swaziland Sugar Association on behalf of producers. Tanzania is a net importer of sugar and apart from a small proportion sold to preferential markets in Europe, all of Kilombero's production was sold locally. All sugar produced in Mauritius is exported to preferential markets and therefore, imports of approximately 40 000 tons were made to meet domestic demand. In the United States, Monitor Sugar supplied its entire production to the domestic market. Domestic sales by Maragra were limited, due to the mothballing of the factory following last year's flood, but Mozambique remains an expanding domestic market which, because of current local production limitations, is supplemented by imports.



Exports of sugar and downstream products to 83 countries contributed 38% to total group revenue. Bulk loading facilities at the South African Sugar Terminals in Durban harbour are able to load at a rate of 1 000 tons of sugar per hour.

Downstream

Whilst the group's range of downstream products is primarily aimed at export markets, the Merebank and Glendale distilleries remained material suppliers of ethyl alcohol to the South African liquor, pharmaceutical and industrial chemical industries. Relatively small volumes of furfural and its derivatives were also sold domestically. The by-products of the Monitor Sugar factory, which include beet pulp, betaine and concentrated molasses solids, were sold domestically, and in the case of beet pulp into Canada.

EXPORT MARKETS

Sugar

Preferential markets

The group has significant access to preferential markets in Europe and the United States which are supplied by producers with export quotas to these countries at a marked premium to the world free market price. The group's operations in Swaziland, Malawi, Mauritius and Tanzania exported almost 208 000 tons of sugar to these markets during the year. In addition, Illovo supplied approximately 10 000 tons of sugar to the United States as part of an export allocation held by the South African sugar industry.

World markets

More than 100 countries produce sugar, 72% of which is made from sugar cane grown primarily in the tropical and sub-tropical zones of the southern hemisphere and the balance from sugar beet which is grown in the temperate zones of the northern hemisphere. 73% of the world's sugar is consumed in the country of origin while the balance is traded on world markets. Because of the residual nature of the world market, the free market price is one of the most volatile of all commodity prices.

The five largest exporters (Brazil, EU, Australia, Thailand, and Cuba) supply approximately 70% of all world free market exports. South Africa is the 7th largest exporter.

Production problems in the 2001 season, primarily as the result of adverse weather conditions, occurred in Asia, Australia, Cuba and most notably Brazil. Accordingly, estimated world sugar production for the international sugar season ending September 2001, at 128 million tons, is expected to be 10 million tons less than in 1999/00 and two million tons below the current world consumption estimate of 130 million tons. This has had the effect of lifting the world price from



Record furfural production of 21 674 tons was achieved at the Sezela downstream products factory. The plant's custom-built bagasse shed plays a key role in the steady supply of raw material to its reactors.

about US\$150 per ton of raw sugar in April 2000 to above US\$240 in December 2000, with the current futures price for October 2001 at US\$183 per ton. These factors are expected to impact positively on group revenue in 2002.

The South African sugar industry is a major supplier to the world market and during the past year exported 1.490 million tons at a value of about R1.9 billion mainly to the Far and Middle East, Pakistan, Malaysia and North Africa. Bulk sugar exports are undertaken on behalf of producers by the South African Sugar Association with refined exports being the responsibility of producers themselves. Approximately 50% of Illovo's South African production was exported to the world market while around 30 000 tons of Ubombo's production was exported from Swaziland. Following the period of depressed world prices caused primarily by world oversupply, the change in the supply / demand balance resulted in increased prices during 2000. Although South African producers did not receive the full benefit of this improvement due to prior hedging of sugar exports, the average price received was 15% better in US Dollar terms than in the previous year.

The South African sugar industry hedges both sugar and currency. In respect of the 2001/02 season approximately 915 000 tons of sugar has been hedged at US\$196 per ton whilst US\$88 million in export proceeds have been covered at R8.07 / US\$1.00.

Downstream

World markets

The group is a material player in each of the world markets in which it participates and during the past year made direct sales into 62 countries. Downstream production includes furfural, furfuryl alcohol, diacetyl, acetoin and 2,3-Pentanedione produced at the Sezela complex, and ethyl alcohol at Merebank and Glendale. Lactulose and dextran are also produced at the Merebank plant. Downstream products contributed R408 million to total revenue in 2001.

TECHNOLOGY

Technical expertise in both agricultural production and sugar and downstream product manufacture is provided to all operations. The focus of this centralised function is the optimisation of returns from existing installed capacity. Key areas of attention this past year were improved factory performance and efficiencies, enhanced product quality and the achievement of lower costs of production. The group also benefited from research and development undertaken by the South African Sugar Milling Research Institute, of which Swaziland and Malawi are also members, the Mauritius Sugar Industry Research Institute and the South African Sugar Association Experiment Station. All of these organisations are funded by the member sugar industries. Contract development work specifically for the group is undertaken by special agreement with the South African Sugar Milling Research Institute.



In South Africa, good rainfall resulted in the production of 1.144 million tons of cane from the company's own estates.

OPERATIONS

SOUTH AFRICA

Agriculture

The 2000/01 season was characterised by good rainfall which resulted in above average cane yields throughout the operations and production of 1.144 million tons of sugar cane was achieved. The above average rainfall did however reduce sucrose content marginally.

In an industry-wide initiative to improve global competitiveness, a new cane payment system, based on recoverable value (RV), was introduced in 2000/01 and attention within the company's agricultural operations was focused on increasing the quality of cane delivered to the factories. Whereas the previous growers' payment system was based on only the sucrose content of the cane, the RV system bases payments on the value of the various products contained within the cane. Key to the new system is the reduction of non-sucrose and fibre delivered to the mills. Early season cane ripening and a reduction in the period between harvesting and milling were successful in improving RV production.

Illovo continues to administer support and extension services to small-scale farmers who, during the 2000/01 season, supplied a record 1.281 million tons of cane, representing a 12% increase over the previous year. Awareness of the new cane payment system was promoted by the company amongst these growers and improved results are expected in the coming season. There are currently some 13 000 small-scale farmers who deliver cane to Illovo's South African mills.

Good progress has been made by the group in the preparation for the subdivision of additional company land into further medium-scale farms. Cane production by the 57 black medium-scale growers who have previously purchased cane farms from Illovo amounted to 262 000 tons last year.

Sugar production

Illovo's seven South African sugar mills crushed approximately 10.8 million tons of sugar cane which was supplied by both private growers and its own agricultural operations to produce 1.2 million tons of sugar. Illovo's share of the South African industry production amounted to 44.1%. The operations were adversely impacted by abnormally heavy rainfall at the commencement of the milling season but overall it was a successful season with the small increase in sugar production representing the second highest output ever achieved. There was a considerable improvement in performance at most mills in respect of time efficiencies and overall sugar recovery, further building on gains made during the previous year. The introduction of the RV system brought further benefit. Weekly crush records were established at factories throughout the season, with Umzimkulu and Umfolozi both achieving season cane throughput records.



The completion of the Paris Dam to the west of Pongola has resulted in access to improved security of water supplies for both commercial and small-scale growers at that mill.

Downstream

Stable operating conditions at the downstream plant at Sezela as well as the extended season length resulted in record production of furfural. The furfuryl alcohol and diacetyl plants performed well whilst the acetoin operation, which was commissioned in the previous season, experienced initial teething problems but has since settled down.

The Merebank ethyl alcohol operation made encouraging progress towards meeting the product quality and quantity objectives of the recent capacity expansion with the full benefit of the improvements expected during the 2001/02 season. The Glendale distillery again performed satisfactorily. Lactulose production suffered from lower than expected market demand during the early part of the season and final output was less than forecast.

Marketing

Illovo sells sugar, syrup, furfural and its derivatives, potable and denatured alcohols, lactulose and dextran into local and international markets. Illovo's domestic sugar sales amounted to about 572 000 tons of sugar, sold in both the direct consumption and industrial markets representing a volume improvement of 9% over the previous season.

From the commencement of the 2000/01 season, sugar millers became responsible for the export of all refined sugar and direct consumption raws. A joint-venture with other sugar millers was formed to manage this operation which exported approximately 315 000 tons of sugar during the season. Margins were assisted by strong white sugar premiums in the early part of the season.

Domestic market consumption of molasses has increased by 20% over the past two years to around 660 000 tons, largely as a result of initiatives undertaken to stimulate growth. There has been an encouraging increase in the world price of molasses.

Excess furfural and furfuryl alcohol inventories in China were finally depleted during the year which led to an improvement in global prices for these products in the last quarter of the financial year.

Demand for diacetyl has remained exceptionally strong, resulting in steadily improving prices throughout the season. Commercial sales of acetoin commenced during the 2000/01 season.

Trading conditions in global alcohol markets improved significantly. Demand, particularly in the export markets, has been strong in recent months with world alcohol prices recovering from the low levels experienced last year. The local potable market has shown satisfactory growth. Market share was maintained in the competitive industrial sector of the market.

Lactulose sales overall were disappointing during 2000/01 although offtake in the latter part of the year improved as a consequence of increased demand in the United States and United Kingdom markets.



In response to encouraging European demand for speciality sugar produced in Malawi, a new one-ton Demerara bagging plant, employing the latest screening and weighing technologies, has been commissioned at the Nchalo factory.

MALAWI

The group's operations in Malawi are undertaken through The Sugar Corporation of Malawi Limited (Sucoma) which is the country's sole sugar producer and is listed on the Malawi Stock Exchange. Illovo holds 60% of the issued share capital with the balance being held by the government, and institutional and private investors.

Agriculture

Combined cane production at the two estates at Nchalo and Dwangwa amounted to 1.638 million tons, representing an increase of 68 000 tons over the previous year. Excellent summer growing conditions were experienced prior to the commencement of the 2000/01 season and the subsequent dry winter contributed to increased sucrose content, as well as improved harvesting and cane haulage conditions. Unfortunately, the benefit of this was negated towards the end of the year when unseasonably wet weather disrupted both agricultural and milling operations.

A feature of the past year's agricultural operations was the focus on a "clean cane" programme aimed at reducing the amount of extraneous matter delivered with cane to the mills. This initiative resulted in positive benefits to both the growing and milling operations and will continue to be a focus in the 2001/02 season. The recently outsourced cane haulage operations performed well on both estates.

The performance of outgrowers was also much improved due to the combination of an increase in area under cane, better agricultural practices and good summer growing conditions. Production from outgrowers at Nchalo and Dwangwa amounted to a record 208 000 tons of cane, representing a 63% increase in production over the previous season.

Sugar production

The milling operations benefited from the dry weather conditions during the winter months and much improved factory performance was achieved. However, the wet weather towards the end of the milling season caused a marked reduction in cane quality and not all of the available cane was able to be crushed. Consequently, sugar production was restricted to 208 000 tons which, although representing an 11% improvement on the previous year's output, was disappointing in view of the recent major capital expansion projects undertaken at both factories.

The full benefit of the new colour removal system installed at Nchalo last year was realised with a marked improvement in refined sugar quality. The Demerara speciality sugar operation performed to expectation. The Dwangwa factory settled down well after its recent expansion and achieved a steady throughput with a much improved recovery of sugar from cane. Capital expenditure programmes at both mills were focused on continuing improvements and on augmenting the packaging and warehousing facilities.



Mechanical harvesting trials conducted at Ubombo proved successful and have been extended into the current season.



An encouraging increase in sugar sales in Malawi was noted towards the end of the season in response to the introduction of a network of country-wide sugar distribution depots.

Molasses from both operations is supplied to the Ethco Distillery at Dwangwa in which Sucoma is a minor shareholder. The distillery improved performance during the year.

Marketing

In a major initiative to stimulate local sales throughout Malawi during 2000/01, Sucoma introduced a network of country-wide sugar distribution depots which sold sugar at a national delivered price. For most part of the year sugar sales were depressed in line with general economic conditions but an encouraging increase was noted towards the end of the season in response to the new depot system. Approximately 126 000 tons of sugar were sold to domestic consumer and industrial markets while the balance was sold to preferential markets in Europe and the United States, and into regional markets. Regional sales have benefited from the reduced tariffs flowing from the Common Market for Eastern and Southern Africa trade agreement (COMESA) with new markets developing in Kenya and Uganda.

SWAZILAND

Overview

The group has a 60% interest in Ubombo Sugar Limited with Tibiyo Taka Ngwane holding the remaining 40% on behalf of the Swazi nation. After a very good start to the year, Ubombo's overall performance was impacted by very wet conditions at the end of the season which significantly affected both agricultural and milling operations. During the season Ubombo received ISO 9002 accreditation for its refinery, storage and despatch operations.

Agriculture

Cane production amounted to 832 000 tons which was 14 000 tons below the previous year's production. The first seven months of the season were characterised by above average cane yields and good sucrose content in cane. However, towards the end of the year, heavy rains resulted in a marked decline in sucrose yields as the season was extended beyond its normal length in an attempt to crush all available ripened cane.

Ubombo has launched a medium-scale farm development programme whereby approximately 600 hectares of irrigated cane land is being sold to 15 Swazi farmers with effect from the beginning of the 2001/02 season.

Sugar production

The Ubombo factory crushed a total of 1.790 million tons of cane to produce 205 000 tons of sugar. Factory performance for most of the season was satisfactory. Good progress has been made in debottlenecking the plant in order to achieve average throughput of 375 tons of cane per hour in the 2001/02 season. The refinery operated well throughout last year and 85 000 tons of white sugar were produced.



The Ubombo factory produced 205 000 tons of sugar in the 2000/01 season. Good progress has been made in debottlenecking the plant in order to achieve average throughput of 375 tons of cane per hour in the current season.

Marketing

Ubombo's share of the Swaziland sugar industry production for the season was 39%. All sugar produced is marketed by the Swaziland Sugar Association with approximately 50% of production being sold into the South African Customs Union market with the balance being sold to preferential markets in Europe and the United States (33%) and into regional and world markets (17%).

MAURITIUS

Overview

Following the sale of Illovo's interest in Mon Tresor and Mon Desert Limited with effect from April 2001, the group no longer has any agricultural, milling or other operations on the island.

Agriculture

Cane output was impacted by a slower than expected recovery from last year's drought, resulting in final production of approximately 546 000 tons. Cane yields were generally lower than forecast but this was partly offset by a higher sucrose content in the middle of the season.

Sugar production

Overall factory performance was good at all three mills with total sugar production amounting to 80 500 tons. The performance of the Mon Tresor factory improved significantly from last year with Britannia again achieving recovery of sugar from cane in excess of 90%.

Downstream and hotels

The power co-generation plant at Mon Tresor operated beyond expectation and increased exports of electricity were made to the national grid. Although the hotel operations contributed a significant proportion of the Mauritian profits, room occupancies during the last quarter were disappointing, which resulted in earnings from this section of the business remaining similar to those achieved in the previous year. Rooms were refurbished at the Merville Beach Hotel with a positive response from tour operators.

Marketing

All sugar produced by the Mauritius sugar industry is exported by the Mauritius Sugar Syndicate to preferential markets in Europe and the United States. The weakness of the Euro had a major negative impact on preferential market revenues



At Monitor in the United States, the molasses chemical softening plant was commissioned during the year thereby completing the highly-automated molasses desugarisation project which is the most advanced of its kind in the world.

and as a result, profitability of both the milling and agricultural operations was very disappointing. Illovo's share of island production was 14% for the year. Domestic requirements of approximately 40 000 tons were met by imports from the world market.

UNITED STATES

Overview

The group has a 100% holding in Monitor Sugar Company which produces sugar from sugar beet, cultivated by private growers. The molasses chemical softening plant was commissioned during the year thereby completing the molasses desugarisation project. Monitor was significantly affected by low prices for its domestic sales and by extraordinarily high energy prices.

Sugar

The factory operated smoothly and a record 165 000 tons of sugar were produced, representing a 16% increase over the previous year. Sugar production from beets was an all time record of 134 500 tons with the balance being produced through molasses desugarisation. Production in 2001/01 was impacted by teething problems experienced in the molasses desugarisation plant and by the "Payment in Kind" (PIK) programme introduced by the US Department of Agriculture in an effort to restore domestic sugar prices in terms of which almost 2 000 acres of beets designated for delivery to Monitor Sugar were destroyed.

Downstream

Beet pulp produced in the sugar beet manufacturing process is sold domestically and into Canada. Betaine (used in the poultry, pig and aquaculture industries) and concentrated molasses solids (CMS) (sold to the animal feed industry) are both sold domestically.

Marketing

All sugar produced by Monitor is sold into the domestic markets of Michigan, Indiana, Ohio and Western New York with industrial requirements, constituting about 75% of total production sold in bulk, and consumer sales packaged under the Big Chief brand name.

Due to an oversupply position, United States domestic sugar prices last year were at their lowest level for 20-years. The Department of Agriculture (USDA) responded by purchasing sugar from manufacturers and instituted a "Payment in Kind" (PIK) programme whereby a small portion of planted sugar beet acreage was destroyed in exchange for certificates which



A low-level bridge has been built over the Great Ruaha River at Kilombero in Tanzania which has significantly enhanced the performance of agricultural and milling operations by providing much increased flexibility of deliveries. It has also enabled the two factories and their estates to be combined into one integrated operation.

were issued to producers, granting them ownership of sugar held by the government. In addition, sugar manufacturers forfeited sugar in record volumes under the sugar loan programme and the United States government now owns and holds in storage approximately 635 000 tons (700 000 short tons) of sugar. No scheme for disposal of this tonnage has yet been approved but the goal is for the sugar to be sold in such a manner as to avoid major disruption to the market.

The net result of these efforts was to reverse the decline in prices which have since partially recovered. The crisis, considered one of the worst experienced by the United States sugar industry, resulted in Imperial Sugar Corporation, the largest US sugar company, filing for "Chapter 11" bankruptcy protection whilst certain other factories have been closed. Other threats to the domestic market are the level of access to the United States market by Mexico under the North American Free Trade Agreement (NAFTA) and the Tariff Rate Quota circumvention scheme involving 'stuffed molasses' from Canada. The United States sugar industry is working on all of these fronts to achieve a return to normality in what has traditionally been a stable sugar market.

TANZANIA

The group's operations in Tanzania comprise two sugar factories and two cane estates separated by the Great Ruaha River.

The agricultural and milling operations underwent a further year of refurbishment and good progress was made in upgrading capacity so as to achieve future forecast levels of production. A highlight of the season was the completion of the low-level bridge over the Great Ruaha River which has significantly enhanced the performance of agricultural and milling operations by providing much increased flexibility of deliveries as well as enabling the two factories and their estates to be combined into one integrated operation.

Agriculture

Sucrose production on both estates has begun to show the benefits of improved agricultural practices. Total cane production amounted to 420 000 tons.

Sugar producti

Factory performance at both mills improved markedly over the previous season. Approximately 555 000 tons of cane, from both Kilombero's agricultural operations and private growers, was crushed to produce 61 500 tons of sugar which was in line with the objective for the season. Kilombero's share of industry production is 45%.



Excellent progress has been made at Maragra with the replanting of existing and the establishment of new cane fields following the flood in February last year. As a result, the factory will be recommissioned for a short milling season in August when approximately 100 000 tons of cane is expected to be milled.

Marketing

Local market sales and prices improved significantly during the year due to the strict application by government of measures to control illegal imports into Tanzania. Regulations were also introduced which restricted the importation of sugar to only local producers and certain industrial users. Tanzanian local production is unable to satisfy the domestic demand of 260 000 tons and during the year, 135 000 tons was imported. A small tonnage of 13 000 tons is exported into Europe for which preferential prices are received.

MOZAMBIQUE

Excellent progress was made with the rehabilitation of the growers' agricultural estates at Maragra following the flood in February last year. The dyke, which was breached at several points during the flood, was reinstated to pre-flood levels and in the forthcoming season will be raised further. All other agricultural infrastructure was rehabilitated and favourable weather conditions led to excellent progress being made in replanting of the fields. The total area planted exceeded 2 200 hectares, which was 10% above that originally forecast. Consequently, the factory which was mothballed last year, will be recommissioned for a short milling season commencing in August 2001 during which approximately 100 000 tons of cane will be crushed and about 12 000 tons of sugar will be produced. The Maragra insurance claim in respect of asset damage and business interruption was successfully concluded during the season.

HUMAN RESOURCES

Progress has been made in implementing strategies, aligned to the group's Strategic Intent, which focus on the primary objective of being a low-cost, world class organisation that is globally competitive. A prerequisite to the achievement of this is a working environment that lends itself to the continuous improvement of workplace efficiencies, that supports the recruitment and retention of highly effective employees and that fosters relationships free from discrimination.

In the past year, the key areas of human resource focus have been the setting of operational and performance targets in the workplace which create an environment for maximising efficiencies; the maintenance of collaborative industrial relations; performance management and technical training together with targeted manpower succession planning:

The maintenance and enhancement of sound employee relations remains an imperative for the group to achieve sustained growth into the future. This facilitated the smooth implementation of newly enacted labour legislation in many of the countries of operation during the course of the year. Trade union involvement is a normal part of the



Wide-ranging managerial and technical training initiatives are in place throughout the group with the objective of enabling people to be competent in their areas of operation and to deliver superior performance. The group's business understanding programme was further extended during the year with its full implementation at Kilombero in Tanzania.

industrial relations process. Unions represent 82% of permanent employees. Collective bargaining forums where wage rates and other substantive employment conditions are negotiated are well established. In Malawi, there was a wage negotiation linked strike that lasted six days. Overall, however, the number of mandays lost to industrial action across the group during the past year was minimal.

- Wide-ranging managerial and technical training initiatives are in place throughout the group. The objective is to enable people to be competent in their areas of operation and to deliver superior performance. Opportunities to leverage best practice from across the group's operations are pursued on an ongoing basis. Group apprenticeships and centrally co-ordinated engineer-in-training and management training programmes, presently involving some 200 trainees are in place, whilst varied technical training programmes ensure that on-the-job competencies are being honed towards achieving optimal operational efficiencies.
- The ongoing need to staff all operations with competent personnel both from an operational and a managerial perspective, together with the development and retention of technical and leadership talent, has placed a high focus on manpower succession planning and career path planning, especially within the group's identified key disciplines and positions. Recognition and reward systems that cater for enhanced performance are implemented wherever possible.

The group continues to take a pro-active stance against life-threatening pandemics and epidemics such as HIV/AIDS and malaria in order to reduce the impact these have both on employees and their dependants and on workplace productivity. In-house medical management of the HIV/AIDS pandemic is being carried out through high profile education and awareness programmes, effective treatment and prevention of sexually transmitted infections, use of peer counsellors in the process of preventative activities and education, voluntary counselling and testing, use of prophylactic antibiotics, effective screening for tuberculosis, and the promotion of a healthy lifestyle.

Complement

The group's overall permanent manpower complement as at 31 March 2001 stood at 19 024, employed in the following categories: -

Agriculture	10 554
Manufacturing	7 825
Hotels, marketing and sales	645

In addition, approximately 16 000 seasonal employees on average were engaged in agricultural operations over the year.



The Umzimkulu factory on the Kwazulu Natal south coast. The group's 15 other milling operations in Southern Africa crushed approximately 17 million tons of cane to produce 1.756 million tons of sugar. In addition, 165 000 tons of sugar was produced from sugar beet at Monitor in the United States.

Employment equity

The group promotes equal opportunity and fair treatment in employment through the elimination of unfair discrimination. It encourages inclusiveness with regard to human resource practices, irrespective of race, gender, nationality and religious affiliation. Strong emphasis has been placed on the development and mentoring of future management personnel, whilst significant financial investment has been made in apprenticeships and trainees, particularly in the engineering disciplines.

In South Africa the company has embraced the transformation process as legislated by the recently introduced Employment Equity Act, and has had an ongoing affirmative action policy in place that has been formally monitored since 1994. Measures aimed at achieving a more equitable representation of designated groups, as defined by legislation, across all occupational categories and levels are in place. During the year a process of employee awareness and stakeholder consultation, coupled with the future assessment of business needs and manpower requirements, culminated in the development of a company Employment Equity Plan for South Africa. This plan was submitted as part of the company's Employment Equity Report to the Department of Manpower and is in compliance with the Act. The plan determines the basis for local entity consultative forums, representing the various stakeholders in the workplace, to implement agreed employment equity objectives.

The monitoring of progress continues to be undertaken at both group and local entity level. The group also participates annually in the University of Cape Town's Breakwater Monitor Survey, in order to compare its progress with other organisations in South Africa. In the past year the company has compared very favourably within its sector, in terms of this survey. The total number of employees from designated groups make up 90% of the company's complement in South Africa. However the Employment Equity Plan has shown under-representation in certain of the skilled and management categories. The company's performance in these areas over the reported period, in terms of recruitment and promotion, has been 59% and 76% respectively.

Employee Benefits and Welfare

The company offers a diverse range of benefits across its different operations that include:

- Employee share purchase schemes in those countries where the operating company is listed, enabling employees to acquire a stake in the business;
- Retirement funding schemes, where elected employee trustees representing the interests of members assist with the prudent management of various funds;



The focus of social investment projects undertaken throughout the group is to ensure that they reach and benefit the maximum number of people and that there is community participation, both in terms of physical assistance and financial contribution. Education related projects continue to receive priority.

- Access to health care provided through a network of group-run primary healthcare clinics or through the provision of medical insurance schemes;
- Educational assistance that is extended to the children of employees in various forms, ranging from the provision of schools to the allocation of bursaries, grants and loan funding;
- Where appropriate, the facilitation of employee home ownership has continued thereby allowing employees to have a stake in the community within which they are living and working. This involves the sale of company-owned houses as well as other efforts to assist home ownership including the provision of home subsidies. In South Africa, following township proclamation of five of the housing villages at the company's sugar mills, 463 houses have been transferred to employees whilst purchase commitments for a further 360 have been received.

SOCIAL INVESTMENT

In alignment with the group's strategic objective of being welcomed in the communities in which it operates, Illovo has active corporate social investment programmes which are adapted to meet the development and upliftment needs within the countries in which the group has operations. The underlying philosophy of the programmes recognises Illovo's interdependence with the communities in which it operates and takes cognisance of the considerable need for development and meaningful upliftment programmes to promote and assist in the well-being of communities in general.

Social investment projects undertaken arise out of continued interaction with local communities and the development of an awareness of their respective needs. Prospective projects are motivated from within the company, involving a cross-section of employees who, in their evaluation, look to the development and upliftment potential of each project.

Their focus is to ensure that projects reach and benefit the maximum number of people and that there is community participation, both in terms of physical assistance and financial contribution. Another requirement is that each project becomes a meaningful and sustainable community asset.

Given the significant education requirements of the African countries in which the group operates, the majority of projects are education-related. To this extent, the group has participated widely in the upgrading and extension of schools, particularly in rural areas. Other community development projects have included the construction of community halls, assistance with the upgrading of hospital and medical facilities and community-orientated vocational training programmes. The group also provides ongoing financial support for tertiary educational institutions and schools, and financial and other support for community-based welfare and fund-raising organisations. It provides primary health care facilities to immediate communities where alternative medical services are not available.



Strong features of the group's agricultural operations are their material size and their high proportion of access to secure water supplies for irrigation.

In South Africa, Illovo also contributes to the South African Sugar Association's community development programme which operates in the northern region of the Eastern Cape, KwaZulu-Natal and Mpumalanga. During the past year, there was considerable attention focused on preventing the spread of cholera within KwaZulu-Natal, including the refurbishment of boreholes for the supply of potable water in the rural areas.

The group promotes job creation in the agri-business sector through its small and medium-sized farm development programmes and other related operations, and supports initiatives aimed at job creation and human capacity development.

ENVIRONMENT

The underlying philosophy of the group's environment policy is the adoption of protective strategies to manage and control the impact of Illovo's agricultural and manufacturing operations upon the environment, at the same time as safeguarding its extensive assets and human resources. Ongoing practice on cane estates in general includes the implementation of land use plans, the restoration of stream banks, the removal of alien vegetation, the adherence to industry cane burning guidelines and the adoption of conservation farming practices to ensure agricultural production on a sustainable basis with minimum impact on the environment and the community. At the manufacturing level, factory emissions are monitored in accordance with prevailing legal limits. During the past year the company achieved sixth place in the Survey of Environmental and Social Reporting in South Africa, as co-ordinated by KPMG and the University of Pretoria.

RISK MANAGEMENT

The group maintains a comprehensive set of policies and standards to cover all aspects of operational risk control, including risk control organisation, fire and safety, emergency planning, motor fleet management and security. In addition, the group promotes on-going commitment to risk management and control by encouraging participation in externally organised risk management and safety systems. The NOSA Five Star Integrated Safety, Occupational Health and Environmental Protection System is fully implemented at all of South Africa's operations and at the mills in Swaziland, Malawi and Tanzania.

Insurance cover on assets is based upon current replacement values. Consistent with the high standard of risk management, a substantial portion of risk is self-insured at costs well below market premiums. All risks are adequately covered, except where the premium cost is excessive in relation to the probability and extent of loss.

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

Board of Directors

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

Chairman

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

Financial statements

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

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

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

Board meetings

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





Audit Committee


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

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

Internal control

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

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



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

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

Executive management

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

Remuneration Committee

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

Management reporting

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

Ethics

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

Insider trading

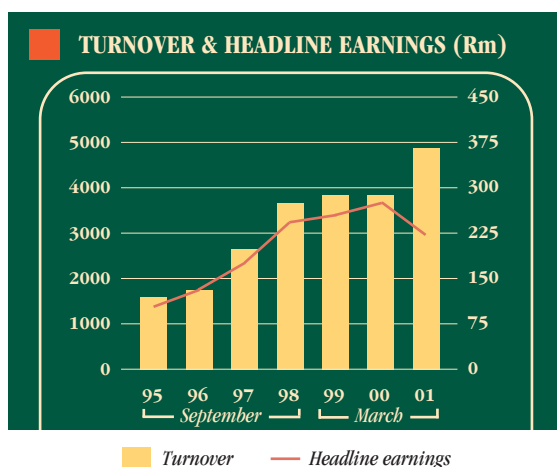
Directors and officers of the group who have access to unpublished price-sensitive information in respect of any of the group's listed companies are prohibited from dealing in the shares of such companies during defined restricted periods, including those periods immediately prior to the announcement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

Employment equity, social investment, environment and risk management

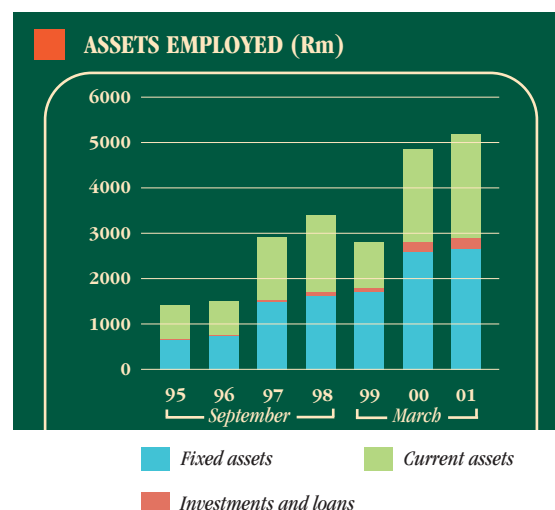
The company's strategies, policies, actions and achievements in respect of these matters are covered in the Review of Operations on pages 13 to 29.

SEVEN YEAR REVIEW

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



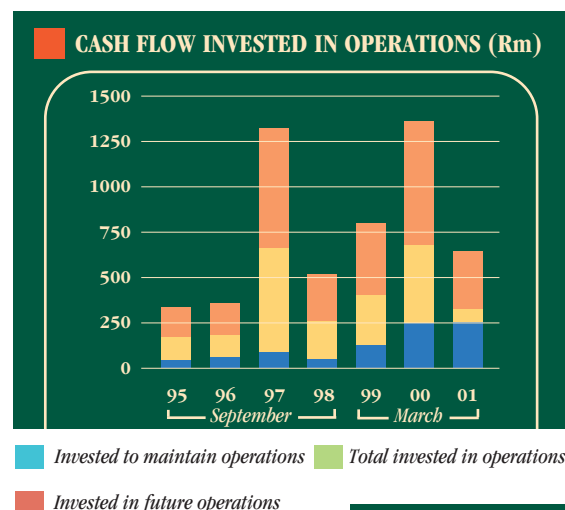
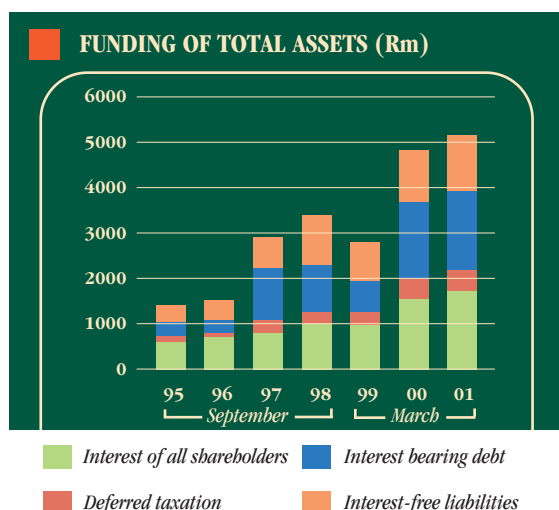
Turnover — Headline earnings



Fixed assets — Investments and loans — Current assets



Rm	Notes	Proforma Unaudited		Proforma Unaudited		Sept. 1996	Sept. 1995	
		March 2001	March 2000	March 1999	Sept. 1998			Sept. 1997
Consolidated cash flow								
Profit from operations before working capital requirements		860.6	869.8	934.4	863.2	571.3	322.8	287.6
Working capital requirements		(203.0)	(492.7)	(83.1)	5.2	(105.9)	41.1	(72.4)
Net financing costs		(194.4)	(165.5)	(191.5)	(156.5)	(48.1)	(22.2)	(28.8)
Taxation paid		(49.6)	(30.2)	(191.5)	(176.5)	(79.0)	(50.8)	(7.3)
Dividends paid		(125.1)	(170.6)	(136.5)	(175.4)	(121.4)	(40.5)	(29.2)
Dividends received		8.5	3.4	2.2	1.9	1.4	-	-
Net cash inflow from operating activities		297.0	14.2	334.0	361.9	218.3	250.4	149.9
Investment in future operations		(69.3)	(660.5)	(271.6)	(212.3)	(1 825.8)	(116.3)	(125.2)
Paid for by issue of shares		-	228.0	-	-	1 253.0	-	-
Replacement of property, plant and equipment		(251.2)	(242.5)	(125.2)	(119.9)	(153.0)	(109.8)	(90.4)
Other movements		44.6	58.8	71.3	3.5	39.4	28.9	21.9
Net cash outflow from investing activities		(275.9)	(616.2)	(325.5)	(328.7)	(686.4)	(197.2)	(193.7)
Net cash inflow/(outflow) before financing activities		21.1	(602.0)	8.5	33.2	(468.1)	53.2	(43.8)
Long term borrowings (repaid)/raised		(140.8)	440.9	(21.2)	28.0	(26.2)	(42.5)	(9.3)
Short term borrowings raised/(repaid)		119.1	391.5	(82.7)	(110.5)	608.4	(10.7)	(36.6)
Capital finance leases raised		0.9	-	-	-	-	-	-
Proceeds from issue of share capital		0.7	1.5	2.0	3.9	5.9	3.6	-
Net cash (outflow)/inflow from financing activities		(20.1)	833.9	(101.9)	(78.6)	588.1	(49.6)	(45.9)
Net increase/(decrease) in cash and cash equivalents		1.0	231.9	(93.4)	(45.4)	120.0	3.6	(89.7)
Earnings and dividends per share								
Net profit	1 cents	74.7	131.5	94.1	89.7	103.1	98.9	68.4
Headline earnings	2 cents	67.5	87.2	86.7	81.8	90.2	83.3	65.5
Dividends (interim - paid, final - declared)	cents	34.0	48.0	40.0	40.0	40.0	32.0	23.0
Dividend cover on headline earnings	3 times	2.0	1.8	2.2	2.0	2.3	2.6	2.8



SEVEN YEAR REVIEW *(continued)*

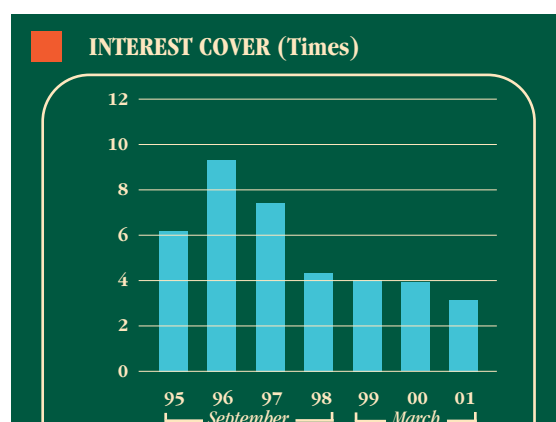
Rm	Notes	Proforma Unaudited		Proforma Unaudited		Sept. 1998	Sept. 1997	Sept. 1996	Sept. 1995
		March 2001	March 2000	March 1999	March 1998				
Profitability and asset management									
Operating margin		12.2	16.0	19.4	18.3	15.0	11.8	11.4	
Return on average shareholders' equity	4	19.9	37.1	48.5	48.5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

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

The JSE Securities Exchange

South Africa statistics

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





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

Notes:

1. Net profit per share

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

2. Headline earnings per share

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

3. Dividend cover

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

4. Return on average shareholders' equity

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

5. Return on net assets

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

6. Return on total assets

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

7. Working capital per rand of revenue

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

8. Gearing

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

9. Total liabilities

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

10. Current ratio

Current assets divided by current liabilities.

11. Interest cover

Operating profit before interest divided by net financing costs.

12. Number of employees

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

13. Revenue per average number of employees

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

14. Net worth per share

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

15. Headline earnings yield

Headline earnings per share as a percentage of market price.

16. Dividend yield at year end

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

17. Price : headline earnings ratio

Market price divided by headline earnings per share.

18. Inflation adjusted information

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

VALUE ADDED STATEMENT

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

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

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

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

Wealth distributed

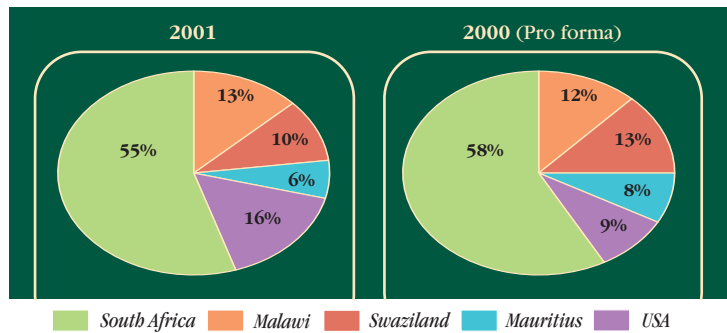
- Employee costs
- Interest
- Dividends
- Taxation

Wealth reinvested

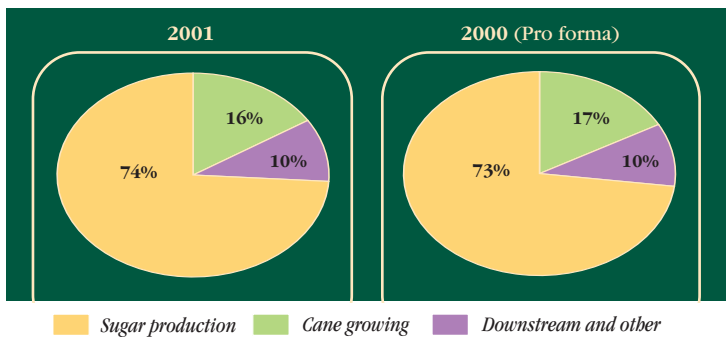
- Depreciation
- Retained profits
- Deferred taxation

SEGMENTAL ANALYSIS

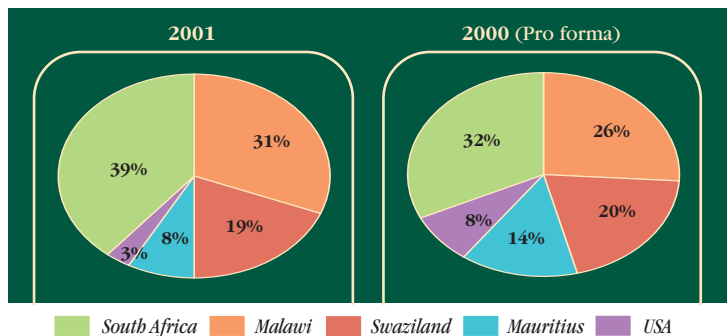
REVENUE BY COUNTRY



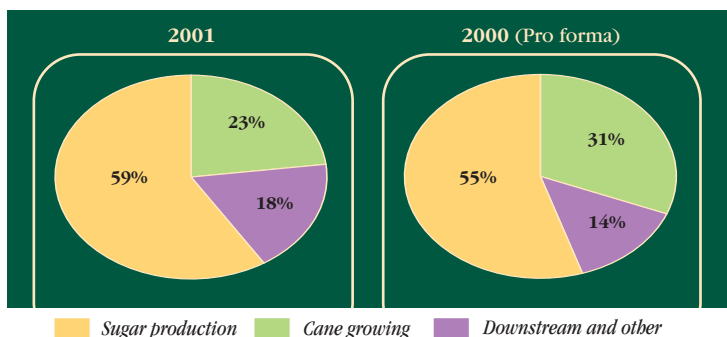
REVENUE BY ACTIVITY



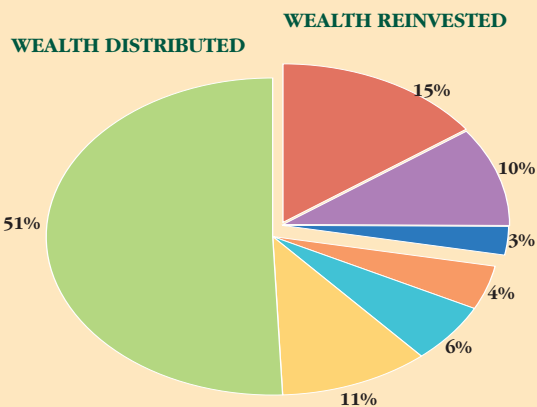
OPERATING PROFIT BY COUNTRY



OPERATING PROFIT BY ACTIVITY



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



THE WORLD OF SUGAR

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

Figures quoted regarding this map are estimates to September 2001.



- Beet growing areas
- Cane growing areas

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

 USA	
Production	7.745
Exports	0.117
Population	273
Per capita consumption	32

 BRAZIL	
Production	17.697
Exports	7.867
Population	163
Per capita consumption	54

 CUBA	
Production	3.600
Exports	2.952
Population	11
Per capita consumption	49

EU	
Production	18.237
Exports	6.921
Population	378
Per capita consumption	35

INDIA	
Production	19.783
Exports	1.087
Population	1007
Per capita consumption	16

THAILAND	
Production	5.239
Exports	3.303
Population	62
Per capita consumption	28

AUSTRALIA	
Production	4.711
Exports	3.980
Population	19
Per capita consumption	46



SADC	
Production	5.346
Exports	1.704
Population	148
Per capita consumption	20