

Unitrans Limited Annual Report 2003

Unitrans is...



Empowering people, increasing success

We believe that developing our existing and future leadership is essential. Through the Unitrans Corporate University, an organisational culture of individual empowerment and accountability is being built that will form the foundation of sustainable future performance.



We are taking responsibility

The significant threat from HIV/AIDS is recognised and we are rolling out initiatives to counter this.

 *...moving in* 



Making technology make a difference

We strive to contribute to our customers' success by providing sophisticated design and information systems and by utilising appropriate up-to-date high-tech solutions as part of our total business approach.



Putting our clients behind the wheel of success

Our nationwide representation of great motor brands affords our clients the best possible options for their motoring requirements. The added value they receive from our world-class customer service facilities and our financial services also assures them of a happy motoring experience.



the right ...



Offering innovative solutions for our clients

We strive to find innovative solutions for all our clients' needs. For example, in our forestry business unit, we provide stump-to-mill innovative logistical solutions, from motor, manual and mechanised harvesting to skidder and cable yarding extraction, and short and long length timber transport.



Carrying our country's hopes and dreams

Our passengers' requirements are top priority. We strive at all times to offer them safe and affordable luxury transport, nationally and cross-border, charter services for tourism, personnel and commuter transport, airport shuttle, door-to-door services and private transfers.



...direction

Our growing service footprint

We are positive about growing our services and offer our customers a full range of logistics solutions to help them cut costs and increase productivity.



Helping our customers achieve success

We offer our customers efficient, innovative and cost-effective transport and value-added logistical services. This will assist them to reduce operating and capital costs and increase their prospects for success.



Always a better way ahead

Our vision

To be rated by our stakeholders as the most innovative provider of transportation, distribution and logistical solutions in our chosen markets

Who we are

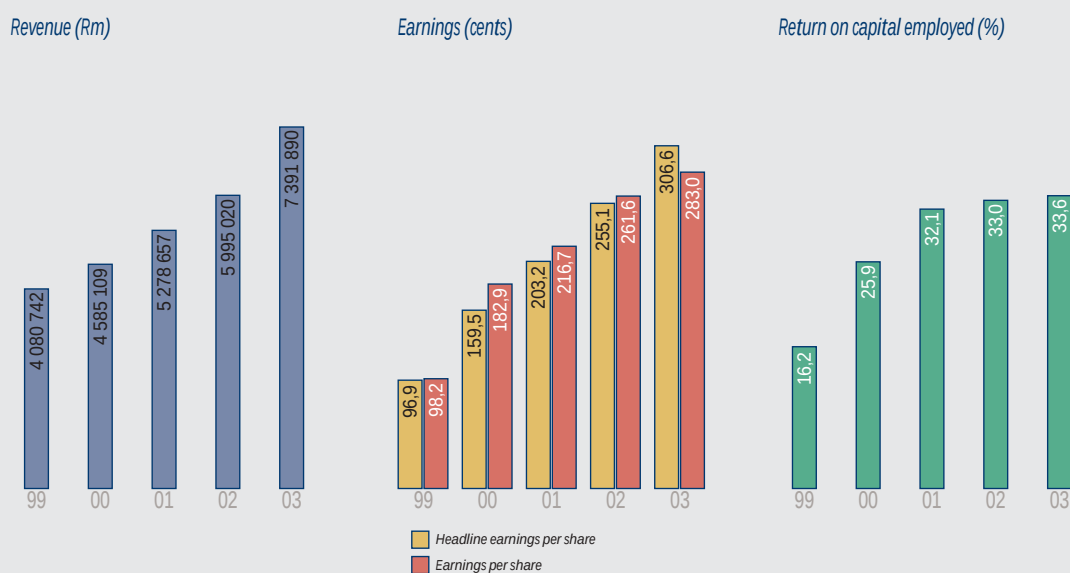
Unitrans is positioned as a diversified transport, distribution and logistics group active in freight and passenger transport, warehousing, distribution and logistics services, express delivery and courier services, vehicle retailing, fleet management, vehicle leasing, financing and insurance, and car rental.

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Group financial highlights



Key financial highlights

Financial highlights (R million)

	2003	2002	Change %
Revenue	7 391,9	5 995,0	23,3
Operating income before depreciation	561,4	470,6	19,3
Operating income after depreciation	385,6	311,2	23,9
Net finance costs	(53,6)	(33,0)	62,4
Profit before taxation	320,0	283,2	13,0
Taxation expense	(90,7)	(79,6)	13,9
Net profit for the year	215,9	199,4	8,3
Total assets	2 499,6	2 240,6	11,6
Cash available from operations	428,6	292,4	46,6

Ordinary share performance (cents per share)

Earnings	283,0	261,6	8,2
Headline earnings	306,6	255,1	20,2
Net asset value	1 564,0	1 421,0	10,1

Financial statistics (%)

Return on revenue	5,2	5,2	
Return on capital employed	33,6	33,0	
Return on shareholders' funds	18,9	20,1	



Unitrans has produced another fine set of results in a volatile and uncertain economy

Once again the group has delivered on its promises and posted results that exceeded market expectations

- Strong revenue and headline earnings growth
- Margins maintained
- Increased return on capital employed
- Increased net asset value

Achieved through . . .

- Organic growth
- Improved market share
- Retention of clients
- Added services

Our brands

Division	Activities	Brands	Fleet size
Transport and logistics			
FREIGHT AND LOGISTICS			
Freight Fuel and Chemical (25% shareholding by Mvelaphanda Strategic Investments (Proprietary) Limited) Sugar and Agricultural Services	Transport services, warehousing, distribution services, supply chain management and breakbulk haulage.	Unitrans Freight Unitrans Fuel and Chemical Unitrans Sugar and Agriculture Pivot Transport African Express	Trucks: 1 270 Trailers: 2 693
Unitrans Express Deliveries (25% shareholding by Mvelaphanda Strategic Investments (Proprietary) Limited)	Authorised service provider for UPS Inc., worldwide express courier, electronic customer services, inhouse brokerage and clearance.	UPS UPS Express Shop	Vehicles: 35
Unitrans Global Logistics (50% shareholding by UPS Logistics Group BV)	Supply chain solutions, service parts logistics (outsourced service parts and repair networks) and logistics technologies.	UPS Logistics Group SA	
Roadway Logistics (50% shareholding by Steinhoff Africa Holdings (Proprietary) Limited)	Distribution and warehousing of furniture and household appliances.	Roadway Logistics	Trucks: 214 Trailers: 177
PASSENGER			
Unitrans Passenger	Passenger transport, including scheduled intercity coach travel, contract hire, commuter service, luxury and semi-luxury coach charter, airport shuttle, door-to-door services and private transfers.	Greyhound Citiliner Mega Bus Mega Coach Mega Tourer Magic Bus	Buses and coaches: 371 Light passenger vehicles: 82
Motor and financial services			
RETAIL			
Unitrans Motors	New and pre-owned vehicle sales, parts and accessories sales, and after-sales service.	Unitrans Motors Toyota, Hino, Lexus, Opel, Isuzu, Suzuki, VW, Audi, BMW, Mini, Nissan, Fiat, Alfa Romeo, Mercedes, Mitsubishi, MAN	Dealerships: 62
FINANCIAL SERVICES			
Unitrans Finance Unitrans Insurance Contract Lease Management	Consumer credit, insurance products and full maintenance leasing.	Ufin and Nufin (Unitrans Finance) Uinsure (Unitrans Insurance) Quotec Insurance Services Contract Lease Management	
RENTAL			
Hertz Rent a Car South Africa (60% shareholding by New Africa Investments Limited)	Car rental	Hertz	Branches: 33

Transport and logistics

FREIGHT AND LOGISTICS



UPS Logistics Group



Roadway Logistics

PASSENGER



Motor and financial services

RETAIL



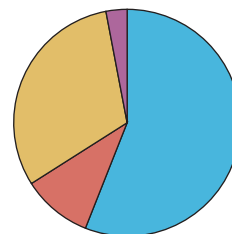
FINANCIAL SERVICES



RENTAL

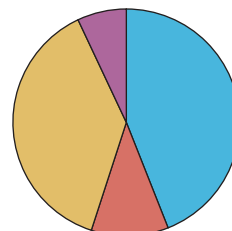
Hertz

Operating income after depreciation



Freight and Logistics	R170 million
Passenger	R42 million
Retail	R145 million
Financial	R28 million

Capital employed



Freight and Logistics	R696 million
Passenger	R119 million
Retail	R387 million
Financial	R33 million

Areas of operation

Unitrans has structured its operations as stand-alone profit centres that are empowered decision-making units



1. South Africa

Warehousing, distribution, transportation and logistics services to the fuel, chemical, mining, forestry, construction, steel and engineering, food and beverage, animal feeds, poultry, agricultural and explosives industries; courier services, freight clearing and forwarding; supply chain and logistics re-engineering services; furniture and household appliance warehousing and distribution; passenger transport services, including luxury and semi-luxury coach charter, scheduled luxury intercity coach travel; contract hire and commuter transport, airport shuttle, door-to-door services, private transfers; motor retail and financial services, and car rental.



2. Lesotho

Fuel bridging and distribution and courier services



3. Swaziland

Sugar contracts, agricultural services, fuel distribution and courier services



4. Namibia

Fuel, bitumen, cement, concrete products, fertiliser, beverage, sugar and salt distribution and courier services



5. Botswana

Mining and fuel contracts, cement warehousing and distribution, courier services and passenger transport



6. Zimbabwe

Fuel bridging operations, beverage, sugar and salt distribution and passenger transport



7. Zambia

Fuel bridging operations, fertiliser, beverage and salt distribution



8. Mozambique

Sugar contracts, agricultural services and passenger transport



9. Malawi

Sugar contracts, agricultural services and fuel distribution



10. Tanzania

Sugar and timber contracts and agricultural services

Board of directors

The Unitrans board is confident that the group is on track to meet its objectives

Non-executive chairman



DC Brink (64) * ‡

Chairman

MSc Eng (Mining), DCom (hc)

Appointed: 25 November 1997
(Independent)

Executive directors



KJ Grové (54) #

Chief Executive

Amp (Oxford)

Appointed: 1 September 1998



PJ Dieperink (47)

Financial Director

BCom (Hons), CA(SA), H Dip Tax

Appointed: 1 October 1997



SM Keys (42)

Managing Director Motor
and Financial Services

BCom (Hons), Dip Acc,
CA(SA), H Dip Tax

Appointed: 11 February 1998



RH Naisby (58)

Director International
CA(SA)

Appointed: 10 February 1995

- * Independent non-executive director
- Chairman of the audit and risk management committee
- † Member of the audit and risk management committee
- ‡ Chairman of the remuneration committee
- # Member of the remuneration committee
- Δ Directors who will be retiring by rotation at the annual general meeting of shareholders on 5 December 2003 and who, being eligible, will be offering themselves for re-election. Brief CVs of these directors appear on page 96.



Non-executive directors



BC Bruce (54) #
PrEng, BSc Eng (Civil)
Appointed: 20 July 2000



MJ Jooste (42) #
BAcc, CA(SA)
Appointed: 29 May 2000



D Konar (49) * • Δ
BCom, CA(SA), MAS, DCom
Appointed: 25 October 2001
(Independent)



PK Quarmby (49) * Δ
CA(SA)
Appointed: 13 December 1999
(Independent)



RW Rees (50) † Δ
BSc (Econ) (Hons), FCA
Appointed: 25 October 2001



DM van der Merwe (45) † Δ
BCom, LLB
Appointed: 29 May 2000

Members of the executive committee

Good management in a tough economic climate produced outstanding results



Jo Grové
Chief Executive
Unitrans Limited



Philip Dieperink
Financial Director
Unitrans Limited



Roger Naisby
Director International
Unitrans Limited



Konrad Peter
Managing Director
Unitrans Express Deliveries



Steve Ford
Managing Director
UPS Logistics SA



Jan van der Merwe
Managing Director
Roadway Logistics



Alan Young
Human Resources Director
Unitrans Services



Steve Keys
Managing Director
Motor and Financial Services



Nico Boshoff
Managing Director
Unitrans Passenger



Fil Morkel
Managing Director
Unitrans Freight



Charles Howes
Managing Director
Unitrans Fuel and Chemical



Theunis Nel
Managing Director
Unitrans Sugar and Agricultural Services

Chairman's report



Dave Brink
Chairman

Dear Shareholders

Your directors are pleased to announce healthy results for the financial year, which ended on 30 June 2003. Sound revenue growth of 23% resulted in a 24% increase in operating income and an increase in headline earnings of 20%. You are reminded that headline earnings have grown each year over the last four years in excess of 20% per annum, bringing the effective compound growth over this period to 33%.

Good management in a tough economic climate enabled the group's operating margin to be maintained at 5,2% and the return on average capital employed to be pushed up marginally to 34%. The return on shareholders' funds, however, edged back to 19% from last year's 20%.

The group's operating cash generated was well up at R357 million, which allowed accelerated investment in property, vehicles and equipment to expand and maintain operations.

The balance sheet remains strong with core average borrowings of R350 million, giving the group a normalised debt to equity ratio of 28% against last year's 21%. At present the group has borrowing facilities in place in excess of R1 billion which, together with the healthy cash generation, will be adequate to fund normal group expansion. Increased corporate borrowings during the year were mainly the result of higher inventory levels in our Motor and Financial Services division, which enjoyed greater activity at higher vehicle prices.

These results reflect well on our corporate leadership team, under CE Jo Grové, and are the consequence of dedication at all levels of operations throughout the group.

Corporate activity

Acquisitions made during the year are reported later in this annual report, but we are pleased to highlight that 90% of the revenue growth achieved during the year represented organic growth from existing operations.

Business environment

The combination of high interest rates and the stronger rand has been mainly responsible for a slowdown in the South African economy. GDP growth for calendar 2003 is expected at 2,2%, picking up close to 3% in 2004. The average monthly trade surplus has fallen thus far in 2003 compared with 2002, reflecting the effect of the stronger rand on South Africa's trade competitiveness and a weak global economy.

Unitrans' results are the consequence of dedication at all levels of operations throughout the group

There are strong deflationary pressures on the economy at present, which should cause PPI inflation to bottom out at or below 0% during the fourth quarter of 2003 and the CPI inflation rate should reach its lower turning point at about 2% around March 2004.

The abovementioned factors will mean that the tough trading conditions experienced over the past year are likely to remain in place for the year ahead, except that lower interest rates may well provide a welcome boost to the retail motor trade.

Corporate social involvement

The Business Trust

The Business Trust was established in 1999 as a five-year initiative of the corporate sector working in partnership with government. Unitrans is a founder member and sponsor of the organisation.

The Trust's approach is deliberately action oriented and its main focus areas are tourism for job creation, capacity building in schools and technical colleges, improving the justice system and effective malaria control.

Highlights of the Trust's progress to date

- A tourism marketing campaign was launched in the USA and Europe, backed by training of 20 000 people and enterprise support for 1 000 small firms.
- School and technical college programmes incorporating more than one million pupils have been launched in all nine provinces.
- Programmes launched to support the integration of the justice system and to control malaria have shown impressive results. Criminal case preparation times at pilot sites have been cut by 45%. A reduction in malaria infection in the north east of the country from 53% to 31% has been achieved.

Business Trust Vision

To expand job opportunities, develop human capacity and enhance trust so that two million disadvantaged South Africans will benefit from improvement in their lives.

Chairman's report continued

- Business plans worth R1,8 billion have been approved for implementation, with co-funding mainly from government.
- R900 million of the targeted R1 billion in private donations has been secured.

Other areas of social involvement

Our group has been active in various community ventures, among which are the sponsorship of an AIDS orphans' project, HIV/AIDS education, transport sponsorship for several non-governmental organisations (NGOs), a financial educational project for children, charity golf days, teaching bodies and children's care centres.

HIV/AIDS

The HIV/AIDS threat presents a particular risk to the road freight and passenger transport industries. The industry has made significant progress in both recognising this risk and addressing the situation. Two key projects have been fully supported by our group. These are the Trucking Against AIDS and Focus on HIV/AIDS, indirectly sponsored by the company through the National Bargaining Council and the Road Freight Association. Seven clinics have been established on the major trucking routes in South Africa, with the most recent being at Komatipoort. These clinics provide treatment of sexually transmitted diseases and preventative HIV/AIDS education through trained personnel. These services are provided to truck drivers, sex workers (employed as educators) and the local communities.

In order to co-ordinate the many different initiatives taking place and to ensure maximum focus of resources, the freight industry launched its AIDS strategy in August 2003. This strategy aims in the first instance to encourage employees in the industry to know their HIV status and, funds permitting, to provide treatment.

Some 24 months ago the company undertook voluntary saliva testing. The indications were that infection levels were consistent with the national prevalence levels. A more recent analysis of information from the provident fund on deaths in the group has, however, revealed a more alarming picture. The group has therefore taken the decision to roll out on a pilot basis a full treatment programme in partnership with certain specialised providers. This decision was taken on the grounds of the need to address the associated risks attendant in a population with high levels of infection. These include improving and extending the lives of our employees, thereby retaining proficient and experienced staff, reducing absenteeism, and minimising potential road accidents and fleet damage. This programme will be a forerunner in the industry and will complement the industry strategy as outlined above.

Black economic empowerment (BEE) scorecard

Unitrans recognises the need to change the economic landscape of South Africa. Participation at industry level in the



Unitrans has retained a leading position in a number of its markets

promulgation of industry charters is supportive and positive to ensure countrywide economic empowerment.

The industry has been actively engaged with the National Department of Transport in drafting a BEE scorecard. While the process is positive it has yet to be concluded. It is hoped realistic achievable targets that can accommodate the peculiarities of the industry can be agreed upon by all stakeholders.

Corporate governance

Our group made further progress in instituting additional corporate governance controls. This included a third-party managed 'Hotline' for reporting unethical business practices.

Prospects

It is appropriate to quote from our results announcement made on 26 August 2003:

"The recent 1% cut in interest rates, coupled with the likelihood of further cuts in the year

ahead augurs well for all of the group's operations and, in particular, for the Motor and Financial Services division.

Unitrans has retained a leading position in a number of its markets. It remains committed to maximising organic growth and will assess and evaluate local and foreign acquisition opportunities that fit the group's strategy.

Notwithstanding the continuing pressures on domestic and world economies, the board is confident that the group is on track to meet its objectives and should continue to deliver real growth in earnings in the year ahead."

A handwritten signature in black ink that reads "Dave Brink".

Dave Brink
Chairman

Chief executive's report



Jo Grové
Chief Executive

Introduction

I am pleased to report that the group has produced another fine set of results in what can only be classified as a volatile and uncertain economy.

For the third successive year, the Motor and Financial Services division has delivered an outstanding performance. This bears testimony to a well-structured business and an exceptional team. This division's performance is even more commendable if one considers the impact that the volatile currency and high interest rates have had on the overall new vehicle market, which is reflected in the national vehicle sales volume decline of 3% year on year.

Generally, our focus on long-term specialised contractual transport and logistics services has paid dividends and has served to underpin another solid performance from our Freight and Logistics and Passenger divisions.

Our strategy to move north into sub-Saharan Africa with our Sugar and Agricultural cluster has proved successful. Good weather conditions outside South Africa, sound customer relationships and excellent service delivery have led to exceptional growth.

The forestry business unit within Freight generated an excellent contribution on capital employed. Good volume growth was achieved in our poultry, steel, fuel and gas business units. The group successfully secured two major long-term contracts within its Fuel and Chemical cluster late in the current year, which should augur well for the future.

Our strategy to develop the group's overall competency in supply chain re-engineering is proving highly successful. More particularly, the synergy between UPS Logistics Group SA (UPSLG) and our other freight operations is being aggressively exploited both with existing and new customers.

On behalf of one of its clients, Roadway Logistics successfully bedded down a major regional distribution centre in Gauteng that is now operating efficiently.

Unitrans Express Deliveries' (UED's) continued focus on building its export business assisted in limiting the impact that the global slowdown and the reduced international demand for courier services had on this business.

The Passenger division had an excellent performance and managed to achieve good growth in a number of areas. In particular, it was well placed to take advantage of the large growth in tourism numbers.

Business environment

During the year under review the South African economy was impacted by the continued global slowdown and general economic uncertainty.

Unitrans has been organised on a profit growth driving force model

The direct effects of a volatile rand, high inflation, high interest rates, the uncertainty in the Middle East, the SARS virus and a volatile fuel price all had their impact on our business. Notwithstanding these challenges, the group managed to deliver a very pleasing result.

The group's operations outside South Africa have performed well and I believe that the economies north of our border provide some interesting opportunities going forward. The group is investigating a number of opportunities in these regions.

The recent developments surrounding lower inflation and interest rates will hopefully have a positive effect on the South African economy in the year ahead.

Strategic position of our business

The group has been organised on a profit growth driving force model. All operations are viewed as stand alone profit centres, which are fully empowered decision-making units, operating within the wider constraints and requirements associated with a listed group. The allocation of capital is decided on the basis of future real returns attainable in the various market sectors within which the group operates.

In the freight and logistics arena, contractual specialised bulk haulage transport services remain the core business. The freight and transport services offered are specialised and, with the exception of some fuel distribution, are largely short haul. The Freight and Logistics division's operations are grouped into clusters focused on specific markets. Our investment in UPSLG is aimed at ensuring

that the group is well positioned to provide world-class solutions to our clients in their supply chain requirements.

Our drive to grow the Freight and Logistics division's operations outside South Africa has been successful. This has enabled us to continue delivering acceptable levels of growth to our stakeholders and has opened up new market opportunities for the group as a whole.

The group's Passenger division has been structured so as to cover significant sectors of the passenger market in South Africa, with some cross-border activity into neighbouring countries. One of its most valuable assets is its extensive footprint and infrastructure throughout southern Africa, which enables it to redeploy its fleet to ensure effective utilisation.

Our strategy within the Motor and Financial Services division has been to position the division's business in the mass volume sectors rather than in the luxury end of the motor retail markets. We have positioned ourselves to use our existing infrastructure to distribute the suite of products related to this sector such as financial and other after-market products and spares. The move into pre-owned vehicles has been a conscious effort to reduce our dependence on new vehicles and, to date, has proved successful. This will be a continued area of focus into the future.

Underpinning all these strategies has been the necessity to ensure that our performance is sustainable. This has been addressed more fully in the sustainability report on page 36.

Review of operations

Freight and Logistics



Salient features

	2003 R000	2002 R000
Revenue	1 483 014	1 285 313
Operating income after depreciation	169 923	146 364
Capital employed	695 595	600 122



The key service offering of the Freight and Logistics division remains the provision of integrated logistics solutions with an emphasis on freight transportation. Whilst the service offerings in this division have increased significantly over the past few years, the core business remains that of contractual freight transportation. Our intention is to use the core offering to position ourselves to expand our services into all other related areas, thereby increasing responsibility for the customer's overall supply chain.



UPS Logistics Group



Roadway Logistics

Values driving the business

This division is focused on delivering world-class logistics services to its clients. Its management has been structured to ensure that the operations are empowered to make appropriate decisions timeously. The operations have been subdivided into business clusters aligned to certain identified markets.

The Freight and Logistics division is achieving success in its strategy to develop the group's competency in supply chain re-engineering

The division aims to add value by identifying customer requirements in the supply chain and offering innovative cost-effective and efficient solutions.

Business environment

The division's operations extend over several diverse business sectors in a number of southern African countries.

The business environment in this arena in the year under review can be classified as tough but exciting. Opportunities abound as our clients progressively evaluate their logistics requirements and consider ways of improving efficiency.

The demise of the so-called "4pl" model is encouraging as we question the sustainable value that these operators add. We have always believed that the so-called "smart 3pl" solution is the more appropriate solution as this combines under one roof both the equipment and the technology required to manage the supply chain.

Inflation has had a negative impact on the business environment in the year under review with costs increasing at a higher rate than certain components in our escalation formulas. It is pleasing to note that this trend appears to be reversing.

The volatile currency had an impact on certain of our clients' businesses especially those in the export market or those providing services to the export or resources market. A decrease in exports

will continue to have a direct impact on demand and accordingly on volumes transported.

The sugar industry within South Africa was negatively impacted by the weather. The drought in KwaZulu-Natal in particular had an impact on the volumes of cane available for transfer in the last quarter as a number of mills opened late because of reduced volumes. Whilst weather remains a key determinant of crop size in areas such as Malawi, Mozambique, Swaziland and Tanzania, the easier terrain and the fact that the crop is mainly irrigated means that the sugar industry in these countries is generally less prone to the vagaries of the weather.

The fuel industry is undergoing a fundamental change as a result of the international fuel companies going through local and, in some instances, international reorganisations. The "fuel charter" has increased the need for black economic empowerment transactions. The players in this industry are increasingly considering the outsourcing model and there has been heightened activity in this area of late.

The international courier industry has experienced a difficult year due to the global slowdown and reduced demand for courier services.

Considerable rationalisation has taken place during the past year in the furniture retail business. This together with high interest rates has had an impact on volumes.

Market focus

The freight and logistics operations have been structured into market focused business clusters. The major classifications are summarised below:

Unitrans Freight

- Distribution
- Foods
- Forestry
- Industrial
- Mining services

Unitrans Fuel and Chemical

- Fuel
- Chemicals
- Gas
- Warehousing and distribution

Unitrans Sugar and Agricultural Services

- Sugar
- Agricultural services

UED

- Worldwide express courier service enhanced by a full range of electronic customer services.

UPSLG

- All areas of supply chain management focusing in particular on the aforementioned areas and on businesses within the hi-tech, automotive, food products and health care sectors.
- Provision of re-engineered supply chain management, consulting and other related services.

Roadway Logistics

- Furniture and household appliance distribution.

Review of operations – Freight and Logistics continued



Review of business performance

The Freight and Logistics division recorded a reasonable level of growth.

The growth in Unitrans Freight was acceptable and mainly attributable to organic growth. Reduced volumes negatively impacted the mining business unit. The industrial, food and distribution operations experienced increased volumes.

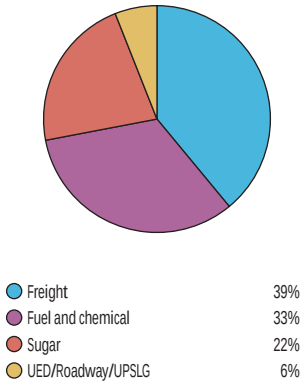
Unitrans Fuel and Chemical came under pressure in the current year as a result of reduced cross-border volumes. This stemmed from the volatile currency and the Zambian refinery coming back on stream. The balance of this cluster did well. The fuel sector is undergoing major reorganisation with BEE and safety and operational requirements being major focus areas. I believe that we are well placed to address these particular issues as evidenced by the fact that we were awarded a major new contract after an extensive tender process. Our market share in the gas distribution arena has grown substantially in the last two years.

The Sugar and Agricultural Services cluster had an outstanding year. The operations outside South Africa performed exceptionally well, assisted by favourable growing conditions. In general, cane loading and haulage operations performed well. The operations in South Africa suffered as a result of the drought experienced in KwaZulu-Natal, especially in the last quarter of the year.

Malawi, in particular, experienced an exceptional performance for the year under review, mainly as a result of an above average crop and success in resolving operational issues and meeting customer requirements.

UED had a difficult year as a result of market factors. It has continued to focus on service enhancements and service compliance as its market differentiator. It has successfully focused enormous effort on growing its export footprint and has continued to win export market share. Care has been taken to ensure that the growth in exports is not at the expense of margin.

Revenue by cluster: 2003





Freight and Logistics will grow by providing a broader range of solutions to customers

UPSLG's second year of operation has resulted in a substantial move away from consulting to annuity income. It is pleasing to see how UPSLG is working with our existing freight operations to provide world-class supply chain solutions to our existing and new client base. There have been a number of successes in this operation and revenue per customer has grown significantly. The sales pipeline looks healthy.

Roadway Logistics has performed well. The roll-out of a regional distribution centre in Gauteng for a major retail chain has been particularly impressive and has contributed to the success of this operation.

Empowerment

As was stated in our previous annual report, the group entered into two empowerment transactions with effect from 1 July 2002. These are summarised below:

- the Fuel and Chemical cluster sold its South African operations with effect from 1 July 2002 to Unitrans Fuel and Chemical (Pty) Limited. 25% of this company was then sold to Mvelaphanda Strategic Investments (Proprietary) Limited (Mvelaphanda), a company owned by Mvelaphanda Limited; and
- the group sold 25% of its interest in UED, which carries on the international courier operation, to Mvelaphanda with effect from 1 July 2002.

Both these transactions have been bedded down exceptionally well.

I would like to take this opportunity to thank Mvelaphanda for its contribution to the group's growth in the current year especially in the area of fuel and chemicals. We believe its involvement has ensured that our fuel and chemical and international courier services businesses are well positioned for growth in the future.

Acquisitive growth

The division made three "stump-to-mill" timber acquisitions during the year in KwaZulu-Natal. These acquisitions were aimed at augmenting our specialised knowledge in certain areas and building the forestry business unit's footprint in South Africa. These operations have been successfully integrated into the existing operations.

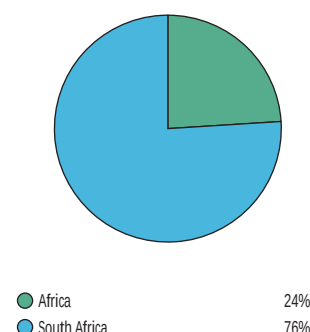
Strategy for future growth

Freight and Logistics will grow its business by providing a broader range of solutions to existing customers, by extending existing skills and expertise to new customers in similar industries, and by focusing on further acquisitive growth.

Prospects

The division has been awarded a number of new contracts during the latter part of the year under review.

Revenue: Sub-Saharan Africa – 2003



Review of operations – Freight and Logistics continued



These will contribute to the earnings in the following year. In addition, I am pleased to report that a number of key contracts are currently in the process of being renewed without having gone out to tender. I am proud to report that this division has not lost a major client in the last three years, which reflects on the fact that we are focusing on meeting and exceeding our clients' requirements.

As stated previously, I am excited about the future growth potential within this division. It has come across substantial opportunities within its existing client base and outside its traditional markets. The only caveat is that the lead time to secure a major assignment is usually lengthy.

I believe that the working relationship between the team at UPSLG and our traditional businesses is working well and, with the transfer of logistics expertise, will be a major differentiator for the group going forward.

Our initiative with Mvelaphanda has positioned both the Fuel and Chemical and the international courier clusters for growth.

There are a number of opportunities outside South Africa in the areas in which we are currently trading. In particular, new opportunities are being sought in other African countries in the agricultural sector.

The growth in UED is largely dependent on external factors, which should improve once the world economy rebounds.

The rationalisation of the furniture industry and reduced interest costs should give rise to increased volumes in the furniture retail side of the business. This will have a positive impact on Roadway Logistics' income.

www.unitrans.co.za
www.unitranssugar.co.za
www.upslogistics.com
www.roadway.co.za



The growth potential within Freight and Logistics is exciting

Risk areas

The following key risk areas have been identified and are being actively managed:

Item	Management
Appropriate fleet selection	Thorough technical review and selection of appropriate suppliers
Fleet replacement	Optimal fleet age and replacement programme negotiated with client before renewal; minimal ad hoc fleet
Skills shortage	Planned and managed training and succession especially in relation to drivers
Health, safety and environmental issues	Considerable focus given to this area; awards introduced to influence behaviour
Theft	Extensive controls introduced to manage fleet and inventory; "whistle blowing" project introduced
Foreign currency fluctuations	Majority of foreign currency balances hedged in rand
Weather	Grow business into other geographic areas and into other agricultural products
Loss of contracts	Independent assessment of performance being rolled out at key contracts
AIDS	Major industry initiatives supported by the division; a decision has been taken to evaluate the roll-out of a full treatment programme
Accidents	Detailed investigation of all accidents; controls in place to monitor driving and driver training

Review of operations

Passenger



Salient features

	2003 R000	2002 R000
Revenue	347 688	304 075
Operating income after depreciation	42 460	36 114
Capital employed	119 285	103 325



The key service offering of the Passenger division is the provision of a comprehensive range of passenger transportation services both nationally and cross-border.

Values driving the business

Its key focus is the efficient utilisation of assets and infrastructure to deliver an efficient and cost-effective service.

A flat management structure allows for quick decision-making and reduced overhead costs.

This division prides itself on providing top quality, unique and integrated services to customers.

Key focus is on the efficient utilisation of assets and infrastructure

Business environment

The division's operations extend over a number of diverse business sectors.

This sector is undergoing considerable change with the restructuring of the state passenger transport tender process. This process has finally been resolved and it would appear that tenders will be issued in the new financial year.

The business environment in the city-to-city market remains competitive. The increase in input costs, as a result of high inflation, impacted margins as these costs could not always be passed on to the consumer.

The business environment in the coach and charter business was far more buoyant in the year under review due to the increased number of passengers. The personnel transport sector remained solid and still shows room for growth.

Review of business performance

This division had an outstanding year. Greyhound and Mega Coach delivered very good results. The performance in Greyhound was particularly pleasing bearing in mind the competitive market in which it carries on business. Greyhound managed to once again increase its market share by

differentiating its service through, inter alia, the use of technology.

Mega Coach had a bumper year as a result of the increase in tourist numbers.

Mega Bus performed in line with expectations and continues to focus in a market in which we foresee considerable growth, especially in the commuter side of the business. Mega Bus also represents the contractual side of the passenger business, which provides steady annuity style income based on long-term contracts.

Greyhound has recently introduced a new economy service, Citiliner. This is aimed at addressing the more cost conscious city-to-city traveller.

Empowerment

The division has successfully assisted a number of empowerment groupings through subcontracting opportunities in core activities such as transport and non-core business activities such as vehicle and depot cleaning and security. It is currently considering other options to best position itself for the upcoming tenders to be issued in the commuter transport arena.

Strategy for future growth

This division will grow its business by extending its services into related transport opportunities and by focusing on targeted acquisitive growth.

Market focus

The group's Passenger division is one of the most diversified passenger logistics entities in southern Africa, operating in widespread areas of passenger transport.

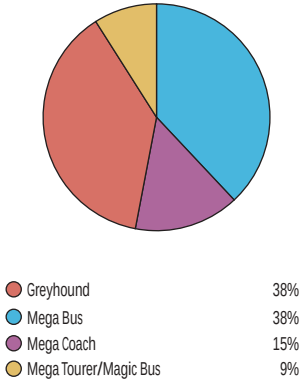
The Passenger division has been structured into market focused business clusters. The major classifications are summarised below:

- Greyhound and Citiliner: scheduled intercity transport services covering South Africa and cross-border to Zimbabwe, Mozambique and Botswana.
- Mega Bus: a service aimed at commuter and personnel transportation.
- Mega Coach and Mega Tourer: luxury coach charter services aimed principally at the tourism market.
- Magic Bus: airport shuttle, door-to-door service and private transfers.

Review of operations – Passenger continued



Revenue by cluster



Prospects

The existing operations within this division show good organic growth opportunities.

We believe that the lifting of the moratorium on government tenders gives rise to some exciting opportunities within the commuter arena. In addition, we will continue to evaluate any acquisition opportunities that we become aware of in this specific area of business.

Greyhound’s Citiliner initiative is promising, as we believe that it will contribute immediately to the bottom line. Additional cross-border routes are also being considered in this operation, which should enhance returns.

Mega Coach’s fortunes will in the main be dependent on the tourism market. Early estimates indicate that tourism will remain buoyant. In the latter part of the year under review we introduced a number of new coaches to ensure that we had sufficient capacity to service the demand in this area.

www.greyhound.co.za
www.megacoach.co.za
www.magicbus.co.za



Exciting opportunities within the commuter arena

Risks

The following key risk areas have been identified and are being actively managed:

Item	Management
Appropriate fleet selection	Thorough technical review and appropriate selection of suppliers
Tourism: substantial fluctuation in tourist numbers	Balanced by use of fleet in other operations
Loss of contracts	Monitoring of performance against benchmarks
AIDS	Major industry initiatives supported by this division; a decision has been taken to evaluate the roll-out of a full treatment programme
Accidents	Detailed investigation of all accidents; use of technology to monitor drivers and driver training

Review of operations

Motor and Financial Services



Salient features

	2003 R000	2002 R000
Revenue	5 561 188	4 405 632
Operating income after depreciation	173 201	128 726
Capital employed	420 360	352 684



Retail



Financial Services



The commitment to meeting and exceeding industry benchmarks is well entrenched

The key service offering of the Motor and Financial Services division remains the sale of new and pre-owned vehicles, parts and accessories and after-market service. This is augmented by the provision of consumer credit, insurance products and full maintenance leasing.

Values driving the business

This division remains committed to the core value of delivering superior customer service and enhancing the product/service offering to the customer. The commitment to meeting and exceeding industry benchmarks is well entrenched throughout the division.

Strong long-term relationships with franchise principals and other suppliers are valued and developed constantly.

Business environment

The business environment during the year under review was characterised by a high level of uncertainty. Exchange rate volatility and a substantial increase in interest rates resulted in tough trading conditions and a weak market. Industry new vehicle volumes declined 3% compared to the prior year.

Review of business performance

This division has produced another excellent performance considering the

tough market conditions. The Toyota operations, in particular, performed exceptionally well following the launch of a number of new products. The contribution from pre-owned vehicles and after-market activities is continuing to grow and is receiving ongoing attention from management.

The division's market share of dealer sales increased from 7,2% to 7,9% in the year under review. The ratio of new to used vehicles was 1,47 to 1.

Customer satisfaction remains a high priority and it is pleasing to note that the division has performed well in independent customer satisfaction surveys conducted throughout the year. In addition, the division has received recognition for customer satisfaction initiatives from a number of vehicle manufacturers during the year.

The Financial Services division continues to deliver pleasing growth. The major contributor remains the short-term insurance arm.

The one area of major disappointment remains our investment in Hertz Rent a Car in South Africa. The operations of this business were negatively impacted by the increase in both interest and vehicle costs. This operation continues to

Market focus

This division has three areas of focus. The largest is Retail. The other two areas are Financial Services and Car Rental.

The Retail division has 62 dealerships nationally for the distribution of new and pre-owned passenger and commercial vehicles. The largest representation is Toyota with 34 dealerships. The balance of our representation is spread as follows: 13 Delta, 8 VW, 3 Nissan, 2 BMW, 1 Daimler Chrysler and 1 MAN.

The Financial Services activity consists mainly of the short-term insurance business. The balance represents the division's interest in two consumer finance activities and the full maintenance leasing business.

The division's interest in the car rental business is via a 40% stake in Hertz Rent a Car South Africa.

Review of operations – Motor and Financial Services continued



underperform and has recorded another loss during the current year. We have reassessed this investment and believe that it has a prospect of making a profit and of delivering a reasonable return on our investment. We have as a result set out on a path to rigorously restructure this operation and reduce all unnecessary costs.

New franchise

The MAN franchise awarded to us in Polokwane is performing to expectations and has been successfully integrated into the existing operations.

Strategy for future growth

This division will grow its business by acquiring new outlets and focusing on increasing its share of the pre-owned and after-sales market. It will look at increasing its share of the financing and insurance transactions associated with the retail division. The turnaround of Hertz Rent a Car South Africa is a key focus area.

Prospects

It is anticipated that interest rates will continue to fall in the year ahead. The decrease in rates combined with pricing stability should result in greater consumer confidence. We believe that the current trend in interest rates favours increased sales in both the new and pre-owned markets. We therefore believe that the retail operations are well positioned to show reasonable organic growth in the year ahead.

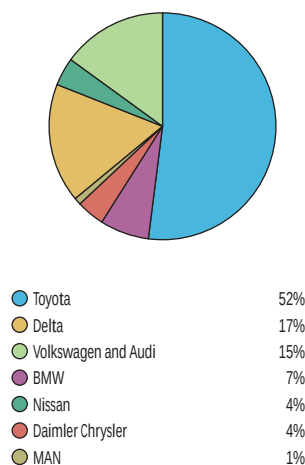
We will strive to increase our pre-owned to new vehicle sales ratio and our penetration levels at dealership level regarding financial products.

Considerable focus will be given to Hertz Rent a Car South Africa to ensure that this operation is optimally structured for the future.

www.um.co.za.

www.hertz.co.za.

Retail: Revenue by franchise





Unitrans is committed to maximising organic growth

Risk areas

The following key risk areas have been identified and are being actively managed:

Item	Management
Selection of marques	Ensuring an appropriate mix as different marques have different product cycles
Economic cycle	The economic projections are monitored and operations restructured
Franchise agreements	Monitoring performance via external assessment; regular feedback from OEMs and addressing any areas of concern
Theft	Extensive controls in place to manage inventory; "whistle blowing" project introduced
Infrastructure	Fixed costs kept to a minimum
Utilisation of fleet	Introduction of appropriate systems in rental business
Yield	Client service standards

Prospects for the group as a whole

The recent cuts in interest rates, coupled with the likelihood of further cuts in the year ahead, augurs well for the group's operations and, in particular, for the Motor Retail division.

Unitrans has retained a leading position in a number of its markets. It remains committed to maximising organic growth and will assess and evaluate local and foreign acquisition opportunities that fit the group's strategy.

Notwithstanding the continuing pressures on domestic and world economies, I remain confident that the group is on track to meet its objectives and should continue to deliver real growth in earnings in the year ahead.

I would like to extend my warm thanks to all Unitrans employees and to our executive team, whose commitment, loyalty and dedication have allowed us to produce another year of exceptional results, and to our customers, shareholders, finance providers and suppliers for their ongoing support.

My sincere thanks also to the board and to our chairman, Dave Brink, for their contribution to the group in 2003.

Jo Grové
Chief Executive

Financial director's report



Philip Dieperink
Financial Director

Group operating performance

Market conditions were tough as a result of the volatile currency, high interest rates and inflationary pressures. Notwithstanding these issues, the group performed well on the revenue line and at headline earnings. Revenue grew by 23%, 90% of this growth was organic. The growth in Freight and Logistics was 15%, Passenger 14% and Motor and Financial Services 26%.

As stated last year, the volatile rand had differing impacts on our various businesses. Overall the appreciation of the rand did not have a material impact on the income statement. Our contracts outside South Africa are in the main rand denominated contracts.

Operating income after depreciation grew by 24%. Freight and Logistics rose by 16%, Passenger by 18% and Motor and Financial Services by 35%. The group's margins have increased slightly to 5,2%. I am once again pleased to report an increase year on year

in each division's margin. The Freight and Logistics division's margin was 11,5% (2002: 11,4%), Passenger 12,2% (2002: 11,9%) and Motor and Financial Services 3,1% (2002: 2,9%).

The depreciation charge increased to R175,8 million, which represents a 10% increase. In assessing this increase, it should be borne in mind that the prior year depreciation charge contained a R5 million charge relating to property sold by the Motor Retail division in January 2002. If this is reversed out of the prior year, the increase totals 14%.

Investment income of R6 million represents the group's return made on the funding provided to Mvelaphanda to acquire its stake in Unitrans Fuel and Chemical and UED.

The loss on sale of fixed assets totalled R0,6 million (2002: Profit R18,1 million). This loss is made up of a loss on sale of fixed assets other than property totalling R1,3 million (2002: R2,1 million) and a profit on sale of property of R0,7 million (2002: R20,1 million). The substantial profit on sale of properties in the prior year stems mainly from the sale of the Motor Retail property portfolio. The losses on sale of fixed assets other than property arose mainly as a result of the scrapping of vehicles involved in major accidents.

The group performed well on the revenue line and at headline earnings

The amortisation of goodwill increased from R13 million to R18 million. This increase is attributable to the acquisitions made during the current year and the amortisation of certain acquisitions made in the prior year being accounted for the full year.

Finance costs increased by 62% to R53,6 million due to higher borrowings mainly as a result of a change in certain original equipment manufacturers' trade credit policies and an increase in interest rates. Finance costs remain well covered by operating income at 7,2 times (2002: 9,4 times).

The current year's effective tax rate increased to 28,3% (2002: 28,1%), mainly as a result of

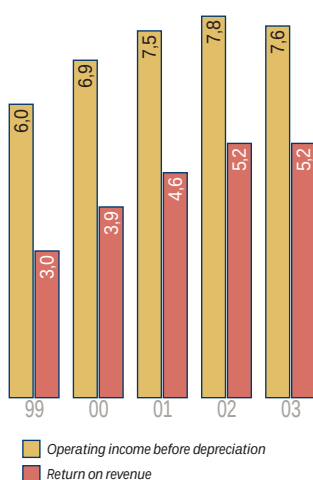
the increased STC payable on the full dividend as opposed to on only the final dividend in the prior year.

The group's share of associate and joint venture losses totalled a loss of R4,2 million and was made up as follows:

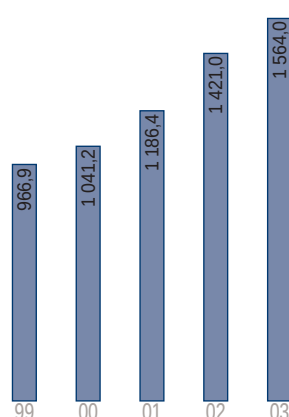
- Roadway Logistics' attributable profit was R5,3 million;
- Hertz Rent a Car South Africa's attributable loss was R8,1 million; and
- UPSLG and Nufin's attributable loss was R1,4 million.

The increase in the minority interest was largely as a result of the Mvelaphanda transaction.

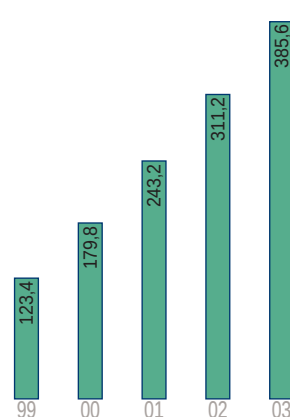
Margins (%)



Net asset value per share (cents)



Operating income after depreciation (Rm)



Financial director's report continued

Headline earnings

There was a strong growth of 20% in headline earnings over the period to R234 million (2002: R194 million). In each of the last four years the group has achieved headline earnings growth per share in excess of 20% per annum. The effective compound growth over this four-year period was in excess of 33%.

Returns

The return on average capital employed increased to 33,6% (2002: 33,0%) with a return on shareholders' funds of 18,9% (2002: 20,1%) being achieved.

Dividends

A dividend of 93,0 cents per share (2002: 84,5 cents) was declared payable on 6 October 2003 to shareholders recorded in the books of the company at close of business on 3 October 2003. This represents an increase of 10% over the prior year. The board will be reviewing its dividend policy in order to determine whether its position on dividend cover is too conservative. Shareholders will be advised of the decision when the interim results for the six months ending 31 December 2003 are published.

Balance sheet

The balance sheet is strong with cash of R67 million on hand at year-end (2002: R142 million). The group remained cash positive at year-end as a result of continued focus on working capital management. In particular, collections

of trade receivables throughout the group were well managed and trade and other receivables at year-end were R524 million (2002: R498 million). The core average borrowings of the group during the year were R350 million (2002: R225 million) giving a normalised debt to equity ratio of 28% (2002: 21%). The net asset value per share increased to 1 564 cents (2002: 1 421 cents).

Inventory levels and values rose mainly as a result of higher vehicle prices, both new and pre-owned. In addition, strong demand for new passenger vehicles in the second half resulted in an increase in pre-owned inventory.

The increase in floor plan funding was largely attributable to the change in certain original equipment manufacturers' trade credit policies. The interest-bearing portion of this floor plan is already included in the abovementioned average core borrowing of R350 million.

The increase in non-current assets is partly attributable to the funding provided to Mvelaphanda to assist it in acquiring its stake in Unitrans Fuel and Chemical and UED.

The assets and liabilities of Unitrans Finance (Proprietary) Limited have decreased year on year as a result of the fact that this book is being run out. No new transactions are being concluded by this entity.



The group's commitment to appropriately structuring its operations for optimal growth remains unchanged

Cash flow

The net cash inflow from operating activities continues to be strong at R357 million (2002: R252 million). The group invested R214 million (2002: R130 million) in property, vehicles and equipment to expand operations and R73 million (2002: R84 million) to maintain operations.

Corporate activity

The Transport and Logistics division secured several major new contracts providing additional annuity style income. Certain other contracts were renewed during the period. The three "stump-to-mill" timber operations acquired in KwaZulu-Natal have been successfully integrated into the Freight division. The Freight and Logistics division's operations in Mozambique, Malawi and Tanzania, which form part of its expansion into the SADEC countries, have performed well.

The MAN franchise awarded to the Motor and Financial Services division in Polokwane is performing to expectations.

The strategic alliance formed with Mvelaphanda via its acquisition of a 25% equity stake in both Unitrans Fuel and Chemical and UED has continued to provide benefits and has assisted with growth in these operations.

The group's commitment to ensuring that its operations are appropriately structured to achieve optimal growth in the future remains unchanged.

A handwritten signature in black ink, consisting of a stylized 'P' and 'D' followed by a horizontal line.

Philip Dieperink
Financial Director

Sustainability

Introduction

The group recognises that its long-term sustainability will be materially influenced by its conduct as a corporate citizen. Internal corporate governance practices are therefore taken seriously and are open to scrutiny. The group espouses the principles and philosophies of the King II Report on Corporate Governance (King II), as disclosed in the report on corporate governance on pages 42 – 46.

The group recognises that its people are its ambassadors in the wider community and its employment and labour relation practices are directed at building constructive long-term relationships. Employees are encouraged to view Unitrans as a career.

The group actively seeks to comply with Employment Equity (EE) and Skills Development legislation.

The group believes that its long-term future is in South Africa and the economic imperatives of black economic empowerment (BEE), EE, investment in the communities in which the group operates and the development and upliftment of previously disadvantaged individuals (PDIs) are understood and accepted as an integral part of long-term sustainability.

The group recognises that in running an efficient and profitable business, it can play a meaningful role in society by:

- providing customers with value;
- raising living standards through creation of employment (the group's headcount has increased from 9 463 to 11 498); and
- contributing positively in the wider society.

Black economic empowerment

The decision in principle to find and secure black equity partners resulted in Mvelaphanda acquiring a stake in two of the group's business units.

The soundness of this strategy has ensured that the empowered businesses derived an advantage and ensured they were not disadvantaged in the markets in which they operate.

All the other business clusters have been tasked with finding appropriate structures in this arena to ensure that they are well positioned to secure opportunities in all sectors of the markets in which they compete.

Employment equity

A participative approach has been adopted with existing staff utilising specific EE steering committees. This approach was followed to secure legitimacy with our staff and to ensure that current previously disadvantaged



Mvelaphanda acquired a 25% shareholding in both Unitrans Fuel and Chemical and UED.



ABET has been introduced throughout the group.



More than 3 000 drivers have attended company accredited driver training facilities.



Unitrans Corporate University is assisting with the creation of a culture of individual empowerment and accountability.



Unity Empowerment Cleaning Service is an empowerment company operating in certain dealerships within the Motor and Financial Services division.

employees from the PDI community benefited directly through advancement and training.

EE plans were drawn up by the steering committees. Progress has been steady and an estimated 70% of all promotions in the past year have been in respect of PDIs. In order to identify talent within our existing ranks, more than 150 employees participated in a jointly identified trainability assessment process and have been placed on development programmes. This is an ongoing initiative.

All promotions and externally recruited personnel are closely monitored for their PDI composition. For the previous 12 months, 80% of all external appointments were PDIs. This monitoring focus will continue.

Unitrans has trainee management programmes in which PDIs comprise more than 50% of all trainees. The fruits of these efforts will be fully realised in the future.

Education training and development

A formal approach is applied to education training and development. This assists in establishing employee and self-development as an important part of the group's business culture, improving efficiency in our various operations. Good progress has been made in developing competency profiles for jobs across the group. This will in turn ensure that

all training activities lead to recognised national standards.

Company accredited driver training facilities have been established to raise and maintain the levels of driver proficiency and safety. In excess of 3 000 drivers attended approved courses. Learnerships, adult basic education and training/ABET and a supervisory bridging programme have also been introduced.

The shortage of technical skills in the motor industry has resulted in the Motor and Financial Services division embarking on a programme of technical skills development, aimed principally at unemployed PDIs.

The Unitrans Corporate University continues to provide the backbone of the group's leadership development initiative. In addition to the "Foundation In Management" and "Management Development Programmes" previously introduced, the Executive Development Programme was successfully launched in 2003. Although the monetary benefit of these courses is difficult to quantify, these programmes are undoubtedly raising the level of managerial competence and assisting in introducing world-class managerial practices. The interaction between staff of different operational units is proving invaluable in developing and reinforcing a common culture and is assisting with the creation of a culture of individual empowerment and accountability.

Sustainability continued



Unitrans contributes to Community AIDS Response Care (CARE), an organisation that supports child-run households throughout Gauteng, and provides for the material and emotional needs of AIDS orphaned children.



A mobile clinic was equipped by Unitrans to provide primary healthcare as part of the Trucking Against AIDS and Focus on HIV/AIDS projects. The vehicle was donated by DaimlerChrysler.

Black enterprise development

The programme to outsource certain in-house services to PDI companies is continuing. For example, this initiative, carried out with the support of the Department of Labour, has been a great success in the Motor and Financial Services division and is being extended throughout this division.

Corporate social involvement during the year

Unitrans donated approximately R650 000 spread over a number of projects.



The Business Trust

The Business Trust was established in 1999 as a five-year initiative of the corporate sector working in partnership with government. Unitrans is a founder member and sponsor of the Trust. The Business Trust's activities are referred to on page 13 of the Chairman's report.

Community AIDS Response

Unitrans contributes to Community AIDS Response (CARE), an organisation aimed at providing support and medical care to people living with HIV/AIDS.



The specific CARE project sponsored is one aimed at supporting AIDS orphans.

Trucking Against AIDS and Focus on HIV/AIDS

Unitrans provided sponsorship to the Trucking Against AIDS and Focus on HIV/AIDS projects by equipping a mobile clinic providing primary health care and HIV/AIDS education on a national basis.

Support for rural women

Unitrans supported the Women's Development Businesses-Micro Finance (WDB-MF) by donating two vehicles. The WDB-MF is an NGO programme providing financial services to impoverished women in rural areas by offering long-term support through their own participation.

Educational project

Sponsorship was provided for the launch of a board game designed to give children a working knowledge of financial matters and share participation in listed companies. Copies of the game are being distributed to schools by an educational organisation.

Other fund raising, sponsorship and donations

Several different fund raising events were held throughout the year, the proceeds of



which were donated to teaching bodies and children's care centres.

Vehicle maintenance sponsorships were granted to a home for abandoned and AIDS infected babies and an animal welfare organisation. A primary school soccer team and a national safety campaign were also sponsored. Computer equipment was donated to a secondary school, and passenger transport services were also given to several NGOs, ranging from an environmental awareness organisation to a cultural group, a children's fund and an anti-abuse organisation.

The group makes annual donations to a list of more than 40 NGOs, and also contributed towards the building costs of accommodation for destitute children.

HIV/AIDS

The group's transport and logistics operations have identified HIV/AIDS as a significant risk area, given the nature of our services and personnel transported on public roads.

Further studies of the possible levels of HIV/AIDS infection in the freight and logistics operations indicate that, to manage associated disease risk, the group needs to move beyond an education programme to one of education, testing and treatment.

Only by offering confidential full treatment can employees be expected to come forward for voluntary counselling and testing and then to participate in a treatment programme.

Accordingly, Unitrans has decided to introduce on a pilot basis, with employee and union support, a full treatment programme for infected employees. This initiative will initially be rolled out in the ensuing months at certain facilities in conjunction with relevant freight industry initiatives.

The group believes there is a justifiable economic case for such a programme and that it is further warranted in the interests of our staff and the public's safety.



Two Hertz vehicles were donated to the Women's Development Businesses Micro Finance to assist in reaching out to rural women.



Unitrans was one of the sponsors for the launch of a financial board game for children. Copies of the game were also donated to Orange Grove Primary School.



William Hunt Delta Bellville, a dealership within the Motor and Financial Services division, is active in the National Arrive Alive Campaign. Supplies and vehicle maintenance are donated to the Western Cape Emergency Medical Service.

Sustainability continued

Apart from the productivity lost through labour turnover and additional recruitment and training costs, the loss of experienced drivers is a serious threat. The risks associated with employing inexperienced drivers on large mobile rigs and coaches are considerable and the introduction of a full treatment programme for these employees is seen as an important step in managing safety and accident risk. By extending the lives of infected employees, it is expected that gains will be realised, and our employees will be assisted to enjoy more productive years.

The falling costs of anti-retroviral drugs and the participation in industry initiatives have given the group confidence to take this step. Nevertheless, the costs of the treatment will be closely managed and enrolment in treatment monitored.

Safety, health and the environment

Drivers are regularly retrained to uphold safety standards and full medical examinations are conducted annually to ensure they meet our standards of medical fitness.

All the group's South African operations conform to the Occupational Health and Safety Act requirements and regular safety meetings are held with the elected safety representatives.

The NOSA rating system has been adopted in most parts of the business with a minimum of three stars regarded as acceptable.

In the fuel and chemical operations the highest standards of safety, health, environment and quality (SHEQ) are operational prerequisites. Accordingly, the operations have achieved ISO 9001 (quality), ISO 14001 (environment) accreditation. In addition, 18001 (safety) was recently achieved at one operation. These international ratings rank with the best in the world and adherence has become "a way of life".

The group achieved the following awards in the areas of safety, health, environment and quality:



Contract Lease Management sponsors the maintenance of vehicles used by an animal welfare organisation.



One million accident-free kilometres were chalked up by Freight's Easigas contract, illustrating the group's conformance with the highest standards of safety.



A bus was provided to transport children on an SPCA educational visit.



Unitrans supports the industry's HIV/AIDS interventions, focused mainly on long distance hauliers at roadside clinics, established by industry stakeholders.

The Fuel and Chemical KZN operation received Sasol's Approved Supplier Certificate, for its outstanding compliance with SHEQ requirements.

The Fuel and Chemical Gauteng operation, distributor of L P Gas to Easigas (Pty) Limited, received an award from Easigas for achieving over one million accident-free kilometres during a specified period.

This operation also formally committed to the petrochemical industry's Responsible Care Charter. This is an ongoing important process and involves our customers and the communities in which we operate.

The group's recently launched Driver of the Year competition aims to place further focus on raising driving standards.

Economic sustainability

The value created statement on page 47 reflects the economic contribution that the group makes to society as a whole.

Corporate governance

Unitrans is committed to the principles of openness, accountability and integrity. This is an ongoing, long-established commitment and sound corporate governance practices have been an integral part of Unitrans' business operations for many years. Changes and refinements to the practices adopted by Unitrans are made from time to time to recognise, where deemed appropriate, international trends and best practices and to underpin the group's approach towards sustainability.

The board of directors

The board has adopted a board charter which outlines the main functions of the board as being inter alia:

- a strategic role, ie the determination of the group's purpose and values and the strategy required to achieve its purpose and implement its values;
- the monitoring of operational performance and management;
- the responsibility for effective, timeous and transparent communication with stakeholders;
- the determination of policy and procedures and levels of materiality to ensure the integrity of the group's risk management and internal controls; and
- the constitution and appointment of subcommittees of the board and the delegation of authorities to such subcommittees.

The responsibility for the functioning of the board and the executive responsibility for managing the business are separate and the chairman is an independent non-executive director. Other board members are the chief executive, three executive directors and six non-executive directors, two of whom are independent non-executives. Details of the directors are shown on pages 8 and 9. The directors bring together experience from their

respective fields of business and areas of expertise to ensure robust and informed debate on matters before the board.

The directors are subject to retirement by rotation and details of the retiring directors offering themselves for re-election at the annual general meeting of shareholders to be held on 5 December 2003 are contained on page 96.

There are no long-term contracts of service between any director and the company or any of its subsidiaries.

The fees payable to non-executive directors are reviewed by the executive committee and the remuneration, human resources and nominations committee and are approved by the board, subject to ratification/approval by the shareholders.

All directors have access to the chairman, the chief executive, the financial director and the company secretary. Should it prove necessary for any director to obtain independent professional advice in order to promote the best interests of the group, all reasonable costs incurred would be borne by the company. An induction programme is in place for any new directors joining the board. A system for the appraisal of the board as a whole has been established.

Meetings of the board are held every quarter. Additional meetings are convened should any matters arise which would require consideration by the board outside of the quarterly meetings schedule. A separate strategic board meeting is scheduled each year prior to the quarterly June board meeting, for purposes of reviewing the group's strategies and considering the business plan for the forthcoming year.



Unitrans is committed to the principles of openness, accountability and integrity

Attendance at board meetings

The attendance at meetings of the board of directors during the period under review was as follows:

Directors	19 August 2002	20 November 2002	24 February 2003	6 June 2003 (Strategy and budget review)	9 June 2003
DC Brink	✓	✓	✓	✓	✓
KJ Grové	✓	✓	✓	✓	✓
BC Bruce	✓	✓	✓	✓	✓
PJ Dieperink	✓	✓	✓	✓	✓
MJ Jooste	✓	✓	✓	✓	✓
SM Keys	✓	✓	✓	✓	✓
D Konar	✓	✓	✓	✓	✓
RH Naisby	✓		✓	✓	✓
PK Quarmby	✓		✓	✓	✓
RW Rees	✓	✓	✓	✓	✓
DM van der Merwe	✓	✓	✓	✓	✓

Boards of the group's major operating companies

The boards of the group's major operating companies meet every quarter and, assisted by the divisional audit and risk management committees, retain full and effective control over the companies concerned and the executive management of such companies. At least two directors, who are not part of that operating company's management team, are members of the divisional boards.

Board committees

Audit and risk management committee (audit committee)

The audit committee is comprised entirely of non-executive directors and the committee chairman is an independent non-executive director. The current composition of the committee is:

Committee chairman: D Konar

Members: RW Rees

DM van der Merwe

The company secretary has been appointed as the committee secretary.

The chairman of the board attends the audit committee meetings by invitation.

The primary function of the audit committee is to assist the board of Unitrans Limited in its responsibility to ensure that good corporate governance and integrity form the basis for the group's transactions by monitoring the adequacy of the group's financial management, risk management and internal controls, accounting policies and the group's financial reporting process. To this

Corporate governance continued

end, the committee provides assistance to the board by ensuring, to the extent practicable:

- that appropriate financial, risk management and internal controls and accounting, reporting and disclosure policies are in place;
- compliance with applicable legislation and the requirements of regulatory authorities;
- the review or approval of audit plans, findings and reports; and
- compliance with the recommendations of King II.

The deliberations of the audit committee do not reduce the individual and collective responsibilities of the board members in regard to their fiduciary duties.

The audit committee, together with the external auditors, reviews the announcements of the annual results and annual financial statements, and the committee recommends to the board the adoption or otherwise thereof. The annual financial statements for the year under review have been reviewed by management with the audit committee and the relevance of the accounting policies and the quality of the earnings disclosed have been discussed with the external auditors. The audit committee has recommended to the board that the annual financial statements of Unitrans Limited for the year ended 30 June 2003 be accepted as a fair presentation of the group's financial position at that date and of the results of operations and cash flows for that period, in terms of South African Generally Accepted Accounting Practice and the Companies Act, No 61 of 1973 (as amended).

The statement by the directors on page 52 that they have every reason to believe that the company and the group will continue as a going concern for the foreseeable future is supported by going-concern review statements completed at year end at subsidiary and divisional level and signed off by the relevant divisional managing directors.

The committee meets at least three times a year with management and the internal and

external auditors. At least once a year the committee meets with the external auditors, without management representation, to discuss any relevant issues.

The audit committee chairman presents a report on the activities of the audit committee at the first board meeting following meetings of the audit committee.

Risk management is addressed as an adjunct to the audit committee, with the group's exposure to risks being identified, assessed, managed and monitored at operational level. Key risk areas are reported on and reviewed by each divisional audit committee and, in turn, are reported on and reviewed by the audit committee. All material risks have accordingly, in the reasonable opinion of the board, been identified and are being proactively managed.

The board has approved written terms of reference for the committee.

Divisional audit committees

All subsidiaries and divisions have separate divisional audit committees which meet at least three times a year and report on a regular basis to the audit committee. Minutes of the meetings of the divisional audit committees are tabled at the ensuing meetings of the audit committee.

Remuneration, human resources and nominations committee ("remuneration committee")

The remuneration committee is comprised mainly of non-executive directors and is chaired by the independent non-executive chairman of the board. The current composition of the committee is:

Committee chairman:	DC Brink
Members:	BC Bruce
	KJ Grové
	MJ Jooste

The company secretary has been appointed as the committee secretary.

The committee meets at least three times annually.



Sound corporate governance practices have been an integral part of Unitrans business operations for many years

The main purpose of the committee is to ensure that the company's directors and senior executives are appropriately rewarded for their individual and joint contributions to the group's overall performance, having due regard to the interests of the shareholders and to the financial and commercial well-being of the group. The committee has direct authority for matters relating to employee remuneration and benefits, profit incentives, non-executive directors' remuneration, the Unitrans Limited Share Scheme and retirement funds. The committee also acts as a nominations committee.

The remuneration committee chairman presents a report on the activities of the remuneration committee at the first board meeting following meetings of the remuneration committee.

The board has approved written terms of reference for the committee.

Divisional remuneration committees

All subsidiaries and divisions have separate divisional remuneration committees which meet at least once a year, or as required, to consider annual salary reviews and employee remuneration and benefit issues.

Minutes of the meetings of the divisional remuneration committee meetings are tabled at the ensuing meeting of the remuneration committee of the board.

Operations reviews

Reviews of the operations of each of the group's subsidiaries and divisions are held on a monthly basis and are attended by the chief executive, the group financial

director and the group human resources director together with the divisional managing director/general manager and the divisional financial manager. The review of key risk areas is an important function of operational review meetings.

Executive committee

Each of the group's divisions has representation on the executive committee which is chaired by the chief executive and is also attended by the group financial director and the group human resources director. The executive committee, which meets on a quarterly basis, deals with material matters relating to the management and development of the group. Ad hoc meetings of the committee are convened when necessary.

Internal audit

The internal audit function for the Transport and Logistics division is managed utilising a combination of mainly internal resources and, to a limited extent, external resources. The internal audit plan for the division has been developed with the assistance of KPMG.

The internal audit function for the Motor and Financial Services division is managed by an internal audit team.

Company secretary

The company secretary ensures that the proceedings and affairs of the board and the boards of the underlying subsidiaries and, where appropriate, the proceedings of any members' meetings, are properly conducted in line with all relevant statutes and the requirements of the JSE Securities Exchange South Africa (the JSE).

Corporate governance continued

Insider trading policy

The company has an insider trading policy in place which prohibits directors and officers from dealing in the company's shares, either directly or indirectly, on the basis of unpublished price-sensitive information. All dealings by directors and officers in the shares of the company must receive the prior approval of the chief executive to ensure compliance with this policy. Dealings in the company's shares by the chief executive must receive the prior approval of the chairman and any such dealings by the chairman must receive the prior approval of the chief executive.

The closed period adopted by the company, ie the period during which directors and officers of the company are prohibited from dealing in the shares of the company prior to the announcement of financial and operating results, was previously for a period of one month prior to such announcements. This has now been amended to bring the closed period of the company into line with the new Listings Requirements of the JSE. Accordingly, with effect from 25 August 2003, directors and officers are prohibited from dealing in the shares of the company from the end of each financial reporting period prior to the announcement of financial and operating results for such period. This prohibition extends to any period where the company is under a cautionary notice.

A report of all dealings by directors and officers in the shares of the company is tabled at each quarterly board meeting. Share dealings by directors of the company are notified to the JSE for publication via the Stock Exchange News Service ("SENS"). To comply with new JSE Listings Requirements, with effect from 1 January 2004, publication via SENS will be extended to cover share dealings by directors of the company's major subsidiaries.

Dissemination of price-sensitive information

The company has a formal policy in place which governs the dissemination of price-sensitive information and defines the levels of authority for and policy pertaining to communications with analysts, investors, the media and third parties.

Ethics

Through rigorous application of group policy and frequent review meetings, the group is committed to high standards of legal and ethical behaviour. The group is guided by characteristics of good corporate governance detailed in King II namely:

- discipline;
- transparency;
- independence;
- accountability;
- responsibility;
- fairness; and
- social responsibility.

Employees are afforded the opportunity to report, on an anonymous basis, via a recently established "whistle blowing" facility, any activities that they may feel to be suspicious.

Compliance with King II

The company is substantially compliant with King II and further work is being undertaken inter alia in the following areas to implement, or refine, the systems already in place:

- the utilisation of the external auditors for consulting services or non-audit services. A draft policy is being utilised as a guideline pending the issue of recommendations by the recently appointed ministerial panel; and
- board and committee evaluations.

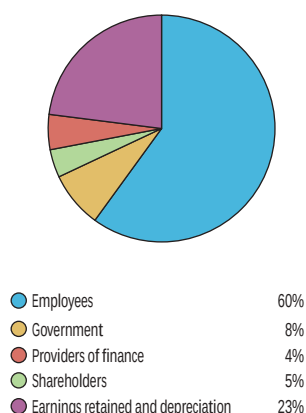
Value created statement

for the year ended 30 June 2003

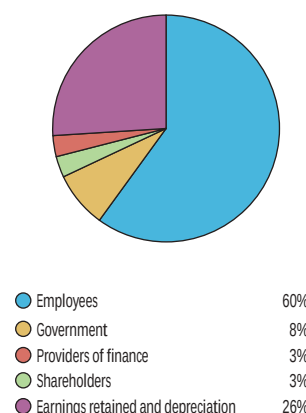
Value created is a measure of the wealth created by the group and its employees through its various business activities. This statement shows the value created and how it was shared amongst its various stakeholders.

	2003 R000	%	Group 2002 R000	%
Revenue	7 391 890		5 995 020	
Cost of materials and services	5 962 421		4 762 030	
Value created	1 429 469		1 232 990	
Distributed as follows:				
Employees – remuneration and benefits	860 797	60	735 834	60
Government – see note below	113 239	8	102 521	8
Providers of finance	63 765	4	35 891	3
Shareholders – dividends	64 432	5	40 000	3
To maintain and expand the group				
Earnings retained	151 434		159 364	
Depreciation	175 802		159 380	
	327 236	23	318 744	26
	1 429 469	100	1 232 990	100
Note: Contributions to government				
Company tax	90 668		79 642	
Customs duty	1 515		1 017	
Rates and taxes paid to local authorities	5 987		6 151	
Regional services council levies	14 072		11 222	
Grants and subsidies received	(15 758)		(11 423)	
Taxes paid to central and local government	96 484		86 609	
VAT paid	16 755		15 912	
Total contributed to government	113 239		102 521	
Value created per employee	124		130	
Number of employees	11 498		9 463	

Value created 2003



Value created 2002



Six-year review

	Year to June 2003 R000	Year to June 2002 R000	Year to June 2001 R000	Year to June 2000 R000	Year to June 1999 R000	Year to June 1998 R000
GROUP FINANCIAL RESULTS						
Revenue	7 391 890	5 995 020	5 278 657	4 585 109	4 080 742	2 424 374
– Transport and Logistics	1 830 702	1 589 388	1 378 851	1 038 291	870 617	757 767
– Motor and Financial Services	5 561 188	4 405 632	3 899 806	3 546 818	3 210 125	1 666 607
Operating income after depreciation	385 584	311 204	243 228	179 854	123 367	140 073
Profit before taxation	319 992	283 153	235 989	174 536	97 265	120 791
Net profit for the year	215 866	199 364	164 613	128 375	68 795	80 986
ASSETS						
Non-current assets	1 200 305	1 027 967	883 363	711 100	591 557	616 015
Current assets	1 299 315	1 212 652	1 000 791	971 731	834 651	778 799
Total assets	2 499 620	2 240 619	1 884 154	1 682 831	1 426 208	1 394 814
EQUITY AND LIABILITIES						
Interest of all shareholders	1 233 638	1 088 561	904 867	790 021	632 600	655 756
Non-current liabilities	159 397	168 715	182 422	175 896	79 811	187 430
Current liabilities	1 106 585	983 343	796 865	716 914	713 797	551 628
Total equity and liabilities	2 499 620	2 240 619	1 884 154	1 682 831	1 426 208	1 394 814
FINANCIAL RATIOS						
Ordinary share performance						
– Earnings per share (cents)*	283,0	261,6	216,7	182,9	98,2	129,9
– Diluted earnings per share (cents)*	282,2	260,7	214,7	182,1	98,0	129,9
– Headline earnings per share (cents)*	306,6	255,1	203,2	159,5	96,9	100,1
– Dividends per share (cents)	84,5	52,5	73,5	69,0	61,5	55,0
– Dividend cover (times)*	3,6	4,9	2,8	2,3	1,6	1,8
– Net asset value per share (cents)*	1 564	1 421	1 186	1 041	967	959
– Number of shares in issue at year-end ('000)	76 420	76 251	76 091	75 788	70 108	70 032
– Weighted average number of shares in issue ('000)*	76 278	76 204	75 952	70 195	70 079	62 346
– Weighted average number of shares increased by the effects of dilutive potential ordinary shares ('000)	76 483	76 485	76 660	70 503	70 175	–

	Year to June 2003	Year to June 2002	Year to June 2001	Year to June 2000	Year to June 1999	Year to June 1998
PROFITABILITY AND ASSET MANAGEMENT						
– Ebitda (R million)*	561,4	470,6	398,0	318,4	246,3	242,0
– Ebitda (%)*	7,6	7,8	7,5	6,9	6,0	10,0
– Return on revenue (%)*	5,2	5,2	4,6	3,9	3,0	5,8
– Return on capital employed (%)*	33,6	33,0	32,1	25,9	16,2	19,7
– Return on shareholders' funds (%)*	18,9	20,1	19,5	18,1	10,7	15,6
LIQUIDITY AND LEVERAGE						
– Net interest-bearing borrowings to shareholders of Unitrans Limited (%)	–	–	–	–	9,6	25,5
– Current ratio*	1,2	1,2	1,3	1,4	1,2	1,4
– Interest cover (times)*	7,2	9,4	11,5	8,7	2,6	3,5
JSE SECURITIES EXCHANGE PERFORMANCE						
Average share price (cents)	1 990	2 150	2 270	1 820	1 380	1 746
Total volume traded during the year (million)	5	18	21	29	14	25

* Definitions are given in the notes to the annual financial statements on page 69.



Unitrans Annual Financial Statements 2003

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Report of the independent auditors

for the year ended 30 June 2003

TO THE MEMBERS OF UNITRANS LIMITED

We have audited the annual financial statements and group annual financial statements for the year ended 30 June 2003 set out on pages 51 to 92. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

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

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessing the accounting principles used and significant estimates made by management; and
- evaluating the overall financial statement presentation.

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

Audit opinion

In our opinion, the financial statements fairly present, in all material respects, the financial position of the company and of the group at 30 June 2003 and the results of its operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice issued by the South African Institute of Chartered Accountants, and in the manner required by the Companies Act in South Africa.

A handwritten signature in black ink that reads "KPMG Inc.".

KPMG Inc.

Registered Accountants and Auditors
Chartered Accountants (SA)

Johannesburg
26 August 2003

Financial statements

The financial statements which appear on pages 51 to 92 were approved by the board of directors on 26 August 2003 and are signed on its behalf by:

A handwritten signature in black ink, appearing to read "DC Brink".

DC Brink
Chairman

A handwritten signature in black ink, appearing to read "KJ Grové".

KJ Grové
Chief Executive



Directors' approval of the annual financial statements

for the year ended 30 June 2003

The directors of the company are responsible for the preparation of the annual financial statements. This responsibility includes ensuring that the related financial information fairly represents the state of affairs of the company and of the group at the financial year-end and the results of its operations and cash flows for the year under review.

The financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice and have been audited by the group's independent external auditors. Their unqualified report appears on page 51.

The directors are of the opinion that the financial records may be relied upon for preparing the financial statements and for maintaining accountability for assets and liabilities. This opinion is based on information and explanations given by management, on the reports of the internal and external auditors as to the results of their audits and on the existing system of internal controls in place in the group. The internal audit function, which is more fully reported on in the statement on corporate governance, independently evaluates the internal controls and the implementation of group policies. The directors are satisfied that the group's assets are protected and used with appropriate authorisation as intended and that transactions are executed and recorded in accordance with group policies. This view is supported by the audit and risk management committee, which consists exclusively of non-executive directors and is chaired by an independent non-executive director.

The financial statements have been prepared on a going-concern basis since the directors have every reason to believe that the group has adequate resources to continue for the foreseeable future and that the group will be able to realise its assets in the normal course of business. The external auditors are in agreement with this opinion.

DC Brink
Chairman

KJ Grové
Chief Executive



Certificate by company secretary

for the year ended 30 June 2003

In terms of section 268G(d) of the Companies Act, 1973, as amended ("the Act"), I certify that the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Act. Further, that the returns lodged were true, correct and up to date.

JV Radnay
Secretary

Illovo
26 August 2003



Directors' report

for the year ended 30 June 2003

The directors have pleasure in presenting their annual report. The directors' report forms part of the annual financial statements of the company and of the group for the year ended 30 June 2003.

NATURE OF BUSINESS

Unitrans Limited is an investment holding company. Its subsidiaries operate on an autonomous basis and are involved in the businesses outlined on page 1 of this report.

FINANCIAL RESULTS

The financial results are detailed in the accompanying annual financial statements.

REVIEW OF OPERATIONS

Despite the uncertainties of both the global and local economies, the group's results for the period under review were pleasing. In particular the Motor and Financial Services division performed outstandingly and operating income after depreciation for that division rose to R173 million (2002: R129 million) against revenue of R5 561 million (2002: R4 406 million).

Revenue for the Transport and Logistics division rose to R1 831 million (2002: R1 589 million) and generated operating income after depreciation of R212 million (2002: R182 million). The division's strategy of focusing on long-term annuity style income in selected areas and of offering differentiated services has continued to prove successful.

Headline earnings increased by 20,3% to R234 million (2002: R194 million).

ACQUISITIONS

During the year under review the Transport and Logistics division acquired three stump-to-mill forestry operations in northern KwaZulu-Natal and the Motor and Financial Services division was awarded a MAN franchise in Polokwane.

DISPOSALS

In line with the group's BEE initiatives and with effect from 1 July 2002, Unitrans Freight (Proprietary) Limited sold 25% of its shareholding in the issued share capital of Unitrans Express Deliveries (Proprietary) Limited to Mvelaphanda, a widely recognised black empowerment entity and Mvelaphanda acquired a 25% shareholding in the issued share capital of Unitrans Fuel and Chemical (Proprietary) Limited.

ORDINARY SHARE CAPITAL

The authorised share capital at 30 June 2003 consisted of 200 000 000 shares of 10 cents each.

The number of issued shares increased from 76 250 692 to 76 420 247 at 30 June 2003 as a result of the allotment and issue during the year of 169 555 shares for purposes of the Unitrans Limited Share Scheme (the Share Scheme).

At the forthcoming annual general meeting, which is to be held on 5 December 2003, shareholders will inter alia be asked to:

- place 5 305 249 of the unissued shares under the control of the directors for purposes of the Share Scheme;
- place the balance of the unissued shares under the control of the directors to allot these shares on such terms and conditions as they deem fit including, but not limited to, any allotments to shareholders as capitalisation awards;
- grant the directors a general authority to issue ordinary shares for cash subject to the requirements of the JSE Securities Exchange South Africa (the JSE); and
- grant the directors a general authority, valid until the next annual general meeting of shareholders, to repurchase shares in the company's issued share capital and to approve the purchase by any of its subsidiaries of shares in the company's issued share capital, subject to the requirements of the JSE and the Companies Act, No 61 of 1973, as amended.

Full details of the share capital are included in the notes to the financial statements.



Directors' report continued

for the year ended 30 June 2003

UNITRANS LIMITED SHARE SCHEME (THE SHARE SCHEME)

At 30 June 2003, the unissued shares in the capital of the company to be placed under the control of the directors for purposes of the Share Scheme and the balance of shares available for the granting of options or the issue of shares in the future were as follows:

	2003	2002
Shares reserved for the Share Scheme (see note)	11 463 037	11 437 604
Matured shares readmitted	4 483 000	3 535 000*
Shares reserved	15 946 037	14 972 604
<i>Less</i>		
Share purchases	(3 199 180)	(3 199 180)*
Share options exercised	(7 441 608)	(7 021 033)*
Shares to be placed under the control of the directors for purposes of the Share Scheme	5 305 249	4 752 391
<i>Less</i>		
Options outstanding – not yet exercised	(4 161 392)	(3 721 967)
Balance available for granting of options or issue of shares in the future	1 143 857	1 030 424

* Comparative figures for 2002 have been restated to reflect, on a cumulative basis, the figures for the readmission of shares, share purchases and share options exercised.

Note:

The number of shares available for the purposes of the Share Scheme is a number equal to 15% of the total number of issued shares of the company from time to time. The scheme allocation is increased by the readmission of such additional number of matured shares as from time to time were allocated over ten years ago and are no longer held within the Share Scheme.

Share Trust loans

At 30 June 2003 outstanding loans to employees granted by the Share Trust totalled R40 248 457 (2002: R43 679 015). The decrease in loans to employees during the period under review was attributable to the fact that delivery was taken of certain shares that had vested and that no new loan accounts were outstanding at 30 June 2003.

Directors and secretary

The names of the directors are reflected on pages 8 and 9 of this report.

At the forthcoming annual general meeting to be held on 5 December 2003, Dr D Konar, Messrs PK Quarmby, RW Rees and DM van der Merwe will retire by rotation in accordance with the articles of association, but, being eligible, offer themselves for re-election. Brief CVs of these directors are shown on page 96 of this report.

The secretary of the company is Mrs JV Radnay. Her business and postal addresses are shown on inside back cover.



SHAREHOLDERS AT 30 JUNE 2003

Shareholder	Number of ordinary shareholders	Percentage of shares held
United General Investments (Proprietary) Limited*	1	44,8
Steinhoff Africa Holdings (Proprietary) Limited ⁵	1	26,1
Old Mutual Life Association Society	1	9,3
Banks	5	0,4
Nominee companies ⁶	31	8,4
Unitrans Limited Share Trust	1	3,0
Individuals	300	0,6
Other companies and trusts	98	5,1
Pension and provident funds	10	1,1
Insurance companies	3	1,2
	451	100

⁶ 379 beneficial shareholders held shares via the 31 nominee companies reflected above. The analysis of these shareholdings is as follows:

Other companies and trusts	151	6,7
Pension and provident funds	7	1,2
Individuals	220	0,5
Insurance companies	1	0,0
	830	108,4
Less: Nominee companies included above	(31)	(8,4)
Total (inclusive of all beneficial shareholders)	799	100

Public spread

Pursuant to the Listings Requirements of the JSE, to the best knowledge of the directors and after reasonable enquiry, the public spread of shareholders at 30 June 2003 was as follows:

	%
Non-public shareholders:	
United General Investments (Proprietary) Limited*	44,8
Steinhoff Africa Holdings (Proprietary) Limited ⁵	26,1
Unitrans Limited Share Trust	3,0
Directors of the company and its subsidiaries	0,3
Public shareholders	25,8
	100

According to the information available to the directors, the following are the only shareholders who beneficially held, directly or indirectly, in excess of 5% of the issued share capital of the company at 30 June 2003:

	Number of shares	% of shares held
United General Investments (Proprietary) Limited*	34 216 680	44,8
Steinhoff Africa Holdings (Proprietary) Limited ⁵	19 956 784	26,1
Old Mutual Life Association Society	7 142 983	9,3

* A wholly-owned subsidiary within the Murray & Roberts Holdings Limited group of companies.

⁵ A wholly-owned subsidiary within the Steinhoff International Holdings Limited group of companies.



Directors' report continued

for the year ended 30 June 2003

Interests of the directors in the share capital of the company

As at 30 June 2003 the following shares were held beneficially by the directors:

DC Brink	4 480	(2002: 4 480)
----------	-------	---------------

In addition, directors of the company held shares and options issued under the Share Scheme as disclosed in note 28 to the annual financial statements on page 86. There were no non-beneficial directors' interests. Other than Mr KJ Grové who held a total of 780 000 shares and options in terms of the Share Scheme, no director of the company held any interest in excess of 1% of the issued share capital of the company at 30 June 2003.

INTEREST OF THE DIRECTORS IN CONTRACTS

The directors were not materially interested in any transaction of significance with the company or any of its subsidiaries. Accordingly a conflict of interest with regard to directors' interest in contracts does not exist.

SPECIAL RESOLUTIONS ADOPTED BY THE COMPANY AND ITS SUBSIDIARY COMPANIES

No special resolutions, which may be significant to members in their appreciation of the state of affairs of the group, were passed by the company or its subsidiaries during the period under review, save for the special resolution passed at the annual general meeting of the company held on 20 November 2002 authorising, as a general authorisation, the repurchase by the company of its own shares and the acquisition by any subsidiary of the company of shares issued by the company, subject to the provisions of the Companies Act, No 61 of 1973, as amended, and the requirements of the JSE.

LIMITATIONS OF BORROWINGS

Certain covenants have been given to lending banks in respect of specific property lease commitments. These covenants limit the interest cover ratio and the cash flow to net interest ratio.

At 30 June 2003 the financial statements reflected ratios which were comfortably within the agreed covenants.



SUBSIDIARIES

Information regarding the company's principal subsidiaries appears in Annexure A to the consolidated financial statements on page 92.

A full list of subsidiary companies is available to shareholders on request.

DIVIDENDS

A dividend of 93 cents (2002: 84,5 cents) per share was declared payable on 6 October 2003 to shareholders recorded in the books of the company at close of business on 3 October 2003. Based on headline earnings per share, this gives a dividend cover of approximately 3,3 times. As previously notified to shareholders, the directors will be reviewing the company's dividend policy going forward in order to establish whether its policy on dividend cover is too conservative. Shareholders will be advised of the decision in this regard when interim results for the six months ending 31 December 2003 are published in February 2004.

CHANGE OF AUDITORS OF UNITRANS LIMITED

At the annual general meeting of shareholders to be held on 5 December 2003, shareholders will be asked to approve the appointment of Deloitte & Touche as auditors of the company.

It is proposed that KPMG Inc. be retained as auditors of certain of the group's divisions and subsidiaries.



Balance sheets

at 30 June 2003

		Group		Company	
	Note	2003 R000	2002 R000	2003 R000	2002 R000
ASSETS					
Non-current assets		1 200 305	1 027 967	546 361	553 493
Property, vehicles and equipment	2	934 926	817 015	–	–
Goodwill	3	48 057	51 096	–	–
Investment in subsidiaries	4			473 379	468 339
Investment in associate and joint ventures	5	87 182	63 226	31 847	38 565
Deferred taxation asset	14	10 716	6 752	884	885
Other non-current assets	6	119 424	89 878	40 251	45 704
Net advances	7	–	–	–	–
Advances (after providing for doubtful debts)		261 146	538 347	–	–
Less: Liabilities relating to advances		(261 146)	(538 347)	–	–
Current assets		1 299 315	1 212 652	81 053	10 193
Inventories	8	708 487	572 320	–	–
Trade and other receivables	9	524 248	497 861	249	7 348
Cash and bank balances		66 580	142 471	80 804	2 845
Total assets		2 499 620	2 240 619	627 414	563 686
EQUITY AND LIABILITIES					
Interest of all shareholders		1 233 638	1 088 561	626 084	560 801
Share capital and premium	10	404 874	404 857	404 874	404 857
Non-distributable reserves	11	138 523	176 389	34 675	34 675
Retained surplus	12	651 674	501 990	186 535	121 269
Interest of shareholders of Unitrans Limited		1 195 071	1 083 236	626 084	560 801
Minority interests		38 567	5 325		
Non-current liabilities		159 397	168 715	–	–
Interest-bearing borrowings	15	4 790	11 102	–	–
Long-term provisions	13	9 706	22 983	–	–
Deferred taxation liabilities	14	132 878	126 630	–	–
Vendors for businesses acquired	15	12 023	8 000	–	–
Current liabilities		1 106 585	983 343	1 330	2 885
Trade and other payables		804 448	740 478	317	1 473
Floorplan creditors	16	198 678	92 568	–	–
Provisions	13	5 560	3 259	–	–
Taxation		46 530	56 099	1 013	1 412
Vendors for businesses acquired	15	1 188	1 650	–	–
Short-term borrowings	15	50 181	89 289	–	–
Total equity and liabilities		2 499 620	2 240 619	627 414	563 686
Net asset value per ordinary share (cents)		1 564	1 421	819	735



Income statements

for the year ended 30 June 2003

	Note	Group		Company	
		2003 R000	2002 R000	2003 R000	2002 R000
REVENUE		7 391 890	5 995 020	–	–
Operating income before depreciation	17	561 386	470 584	135 376	80 413
Depreciation of property, vehicles and equipment		175 802	159 380	–	–
Operating income after depreciation		385 584	311 204	135 376	80 413
Investment income		6 138	–	–	–
Net finance costs	18	(53 560)	(32 992)	4 452	1 176
(Loss)/profit on disposal of property, vehicles and equipment		(585)	18 086	–	–
Goodwill amortisation	3	(17 585)	(13 145)	–	–
Profit before taxation		319 992	283 153	139 828	81 589
Taxation expense	19	90 668	79 642	10 130	6 385
Profit after taxation		229 324	203 511	129 698	75 204
Share of associate and joint ventures losses	5	4 252	1 849		
Minority interests		9 206	2 298		
Net profit for the year		215 866	199 364	129 698	75 204
		Cents	Cents		
Earnings per share – basic	20	283,0	261,6		
– fully diluted	20	282,2	260,7		
Headline earnings per share – basic	20	306,6	255,1		
– fully diluted	20	305,8	254,2		
Dividends per share – paid	21	84,5	52,5		
– declared	21	93,0	84,5		



Statements of changes in equity

for the year ended 30 June 2003

	Share capital and premium R000	Non- distributable reserves R000	Retained surplus R000	Total R000
GROUP				
Balance at 30 June 2001	404 841	154 951	342 921	902 713
Net profit for the year			199 364	199 364
Dividends paid			(40 000)	(40 000)
Net proceeds on issue of shares	16			16
Unrealised increase on translation of net worth of foreign subsidiaries		21 143		21 143
Insurance company contingency reserves		295	(295)	–
Balance at 30 June 2002	404 857	176 389	501 990	1 083 236
GROUP				
Balance at 30 June 2002	404 857	176 389	501 990	1 083 236
Net profit for the year			215 866	215 866
Dividends paid			(64 432)	(64 432)
Dividends paid on "A" shares in a subsidiary			(452)	(452)
Net proceeds on issue of shares	17			17
Unrealised decrease on translation of net worth of foreign subsidiaries		(40 332)		(40 332)
Statutory reserves in subsidiaries		245	(245)	–
Insurance company contingency reserves		2 221	(1 053)	1 168
Balance at 30 June 2003	404 874	138 523	651 674	1 195 071
COMPANY				
Balance at 30 June 2001	404 841	34 675	86 065	525 581
Net profit for the year			75 204	75 204
Net proceeds on issue of shares	16			16
Dividends paid			(40 000)	(40 000)
Balance at 30 June 2002	404 857	34 675	121 269	560 801
COMPANY				
Balance at 30 June 2002	404 857	34 675	121 269	560 801
Net profit for the year			129 698	129 698
Net proceeds on issue of shares	17			17
Dividends paid			(64 432)	(64 432)
Balance at 30 June 2003	404 874	34 675	186 535	626 084



Cash flow statements

for the year ended 30 June 2003

		Group		Company	
	Note	2003 R000	2002 R000	2003 R000	2002 R000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated by operations	A	572 381	397 238	141 319	72 607
Investment income		6 138	–	–	–
Net finance costs		(53 560)	(32 992)	4 452	1 176
Taxation paid	B	(96 362)	(71 846)	(10 528)	(6 403)
CASH AVAILABLE FROM OPERATIONS					
Dividends paid	C	428 597 (71 876)	292 400 (40 000)	135 243 (64 432)	67 380 (40 000)
Net cash inflow from operating activities		356 721	252 400	70 811	27 380
CASH FLOWS FROM INVESTMENT ACTIVITIES					
Investment to maintain operations		(72 691)	(84 052)	–	–
Replacement of property, vehicles and equipment		(109 244)	(206 044)	–	–
Proceeds from disposal of property, vehicles and equipment		36 553	121 992	–	–
Investment to expand operations		(318 079)	(209 414)	7 131	(18 542)
Investment to acquire businesses, associate and joint ventures	D	(73 880)	(91 879)	6 718	(38 565)
Expansion of property, vehicles and equipment		(214 045)	(129 563)	–	–
Foreign exchange movements		(18 325)	8 301	–	–
Decrease in long-term provisions		(13 277)	(2 545)	–	–
Net increase in subsidiaries				(5 040)	(13 928)
Decrease in other non-current assets		1 448	6 272	5 453	33 951
Net cash (outflow)/inflow from investing activities		(390 770)	(293 466)	7 131	(18 542)
Net cash (utilised)/generated by operations		(34 049)	(41 066)	77 942	8 838
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest-bearing borrowings repaid		(6 312)	(24 857)	–	–
Vendors for businesses acquired/(repaid)		3 561	(15 343)	–	–
(Decrease)/increase in short-term borrowings		(39 108)	61 872	–	(6 192)
Net proceeds from issue of shares		17	16	17	16
Net cash (outflow)/inflow from financing activities		(41 842)	21 688	17	(6 176)
Net (decrease)/increase in cash and bank balances		(75 891)	(19 378)	77 959	2 662
Cash and bank balances at beginning of the year		142 471	161 849	2 845	183
Cash and bank balances at end of the year		66 580	142 471	80 804	2 845



Notes to the cash flow statements

for the year ended 30 June 2003

	Group		Company	
	2003 R000	2002 R000	2003 R000	2002 R000
A. CASH GENERATED BY OPERATIONS				
Profit before taxation	319 992	283 153	139 828	81 589
Adjustment for:				
Net finance costs	53 560	32 992	(4 452)	(1 176)
Investment income	(6 138)	–	–	–
Goodwill amortisation	17 585	13 145	–	–
Depreciation of property, vehicles and equipment	175 802	159 380	–	–
Loss/(profit) on disposal of property, vehicles and equipment	585	(18 086)	–	–
Other non-cash movements	1 168	–	–	–
Changes in working capital	9 827	(73 346)	5 943	(7 806)
Inventories	(136 167)	(115 121)	–	–
Trade and other receivables	(26 387)	(100 244)	7 099	(6 918)
Trade and other payables	63 970	50 274	(1 156)	(888)
Floorplan creditors	106 110	92 567	–	–
Provisions	2 301	(822)	–	–
	572 381	397 238	141 319	72 607
B. TAXATION PAID				
Taxation unpaid at beginning of the year (including deferred taxation)	(175 977)	(164 244)	(527)	(545)
Currency adjustment	1 591	(3 937)	–	–
Taxation charged to the income statement	(90 668)	(79 642)	(10 130)	(6 385)
Taxation unpaid at end of the year (including deferred taxation)	168 692	175 977	129	527
	(96 362)	(71 846)	(10 528)	(6 403)
C. ANALYSIS OF DIVIDENDS PAID				
Dividends paid to ordinary shareholders	(64 432)	(40 000)	(64 432)	(40 000)
Dividends paid on "A" shares in a subsidiary	(452)	–	–	–
Dividends paid to minority shareholders	(6 992)	–	–	–
	(71 876)	(40 000)	(64 432)	(40 000)
D. INVESTMENT TO ACQUIRE BUSINESSES ASSOCIATE AND JOINT VENTURES				
Property, vehicles and equipment	(30 770)	(19 843)	–	–
Associate and joint ventures	(31 974)	(47 622)	6 718	(38 565)
Inventory	–	(15 874)	–	–
Minority interest	–	873	–	–
Goodwill acquired	(11 136)	(9 413)	–	–
	(73 880)	(91 879)	6 718	(38 565)



Notes to the financial statements

for the year ended 30 June 2003

1. ACCOUNTING POLICIES AND DEFINITIONS

The accounting policies and basis of preparation are consistent in all material respects with those adopted in the previous year, except for the implementation of AC133 Financial Instruments: Recognition and Measurement. The adoption of this statement did not have a major impact on the group.

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Statement of compliance

The financial statements and group financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice issued by the South African Institute of Chartered Accountants and in the manner required by the South African Companies Act.

Basis of consolidation

The consolidated annual financial statements incorporate the assets, liabilities, revenue, expenses and cash flows of the holding company and its subsidiaries.

Investment in subsidiaries

Subsidiaries are those entities over whose financial and operating policies the group has the power to exercise control, so as to obtain benefits from their activities.

The group financial statements incorporate the assets, liabilities and results of the operations of the company and its subsidiaries. The results of subsidiaries acquired and disposed of during a financial year are included from the effective date of acquisition or up to the effective date of disposal as appropriate. Where necessary, the accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the group. On acquisition of a subsidiary, minorities' interest is measured at the proportion of the pre-acquisition carrying amounts of the identifiable assets and liabilities.

Investment in associates and joint ventures

An associate is an enterprise over whose financial and operating policies the group has the ability to exercise significant influence through participation in the financial and operating policy decisions of the investee and which is neither a subsidiary nor a joint venture of the group.

Joint ventures are those entities over which the group exercises joint control under a contractual arrangement.

The equity method of accounting for associates and joint ventures is adopted in the group financial statements. In applying the equity method, account is taken of the group's share of accumulated retained earnings and movements in reserves from the effective date on which the enterprise became an associate or joint venture up to the effective date of disposal, as appropriate.

Goodwill arising on the acquisition of associates and joint ventures is included in the carrying amount and is treated in accordance with the group's accounting policy for goodwill. The retained earnings of associates and joint ventures have been adjusted for the amortisation of goodwill.

The share of retained earnings and reserves is determined from the audited results, where available, otherwise, management accounts are used for these purposes.

Where a group enterprise transacts with associates and joint ventures of the group, unrealised profits and losses are eliminated to the extent of the group's interest in the relevant associates and joint ventures.



Notes to the financial statements continued

for the year ended 30 June 2003

1. ACCOUNTING POLICIES AND DEFINITIONS (continued)

Where the group's share of losses of associates and joint ventures exceeds the carrying amount of the associate or joint venture, the investment is carried at nil. Additional losses are only recognised to the extent that the group has incurred obligations or made payments on behalf of the associate or joint venture concerned. The carrying amount of such investments is reduced to recognise any impairment in the value of individual investments.

Transactions eliminated on consolidation

All significant intergroup balances and transactions, and any significant unrealised gains arising from intergroup transactions, are eliminated in preparing the consolidated financial statements.

Intangible assets

Purchased trademarks and trade names are recapitalised and amortised over their anticipated useful lives.

Goodwill and negative goodwill

Goodwill is any excess of cost of an acquisition over the group's interest in the fair value of the identifiable assets and liabilities acquired. Goodwill is carried at cost, less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis over its estimated useful life, not exceeding 20 years.

Any negative goodwill that arises where the fair value of the group's interest in the identifiable assets and liabilities of the subsidiary exceeds the cost of acquisition is taken to profit immediately if:

- there is no expectation of future losses; and
- it is in respect of monetary assets.

To the extent that negative goodwill relates to depreciable assets, it is recognised as profit over the useful life of those assets.

Goodwill arising on the acquisition of subsidiaries is reflected separately in the balance sheet.

Goodwill arising on the acquisition of associates and joint ventures is included in the relevant investment.

The calculation of the gain or loss on disposal of an entity includes the unamortised balance of the goodwill relating to the entity.

Property, vehicles and equipment

Immovable properties are recorded at historical cost and the building cost is depreciated over the estimated useful life of the building.

Depreciation is charged so as to write off the depreciable value of assets, other than land, over their estimated useful lives using the following basis:

- Vehicles and equipment are recorded at historical cost and depreciated on the straight-line basis to an estimated residual value, at rates calculated to amortise the cost over the estimated useful life of the asset concerned.
- Certain costs of development and installation of major information systems (including packaged software) are capitalised and amortised over a three-year period on a straight-line basis.

Refurbished costs incurred to extend the useful life of an asset are added to the carrying amount of the asset when it is probable that future economic benefits in excess of the original estimated life will flow to the enterprise as a result of the expenditure. These costs are then written off over the estimated extended useful life.



Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the first-in first-out basis, but some operations use the average cost basis. Specific provision is made for slow-moving, obsolete and redundant inventory, to the extent considered necessary.

Taxation

Current taxation comprises taxation payable calculated on the basis of the expected taxable income for the year, using the taxation rates enacted at the balance sheet date, and any adjustment of taxation payable for previous years.

Deferred taxation is provided using the balance sheet liability method, based on temporary differences. Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their taxation base. The amount of deferred taxation provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using taxation rates enacted or substantively enacted at the balance sheet date.

A deferred taxation asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised. Deferred taxation assets are reduced to the extent that it is no longer probable that the related taxation benefit will be realised.

Deferred taxation liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred taxation is charged or credited to the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred taxation is also dealt with in equity.

Investments

Investments which exclude those that are accounted for as subsidiaries, associates and joint ventures, are stated at cost and are only written down when there is an indication of impairment in value.

Income from investments is brought to account only to the extent of dividends received or declared. Interest income is recognised on an accrual basis.

Discontinuing operations

Discontinuing operations are significant distinguishable components of an enterprise that has been sold, abandoned or is the subject of formal plans for disposal or discontinuance. Once an operation has been identified as discontinuing, or reclassified as continuing, the comparative information is restated.

Leases

Finance leases

Leases that transfer substantially all the risks and rewards of ownership of the underlying asset to the group are classified as finance leases. Assets acquired in terms of finance leases are capitalised at the lower of fair value and the present value of the minimum lease payments at inception of the lease, and are depreciated over the estimated useful life of the asset. The capital element of future obligations under the leases is included as a liability in the balance sheet. Lease payments are allocated using the effective interest rate method to determine the lease finance cost, which is charged against income over the lease period, and the capital repayment, which reduces the liability to the lessor.

Operating leases

Leases, where the lessor retains substantially all the risks and rewards of ownership of the underlying asset, are classified as operating leases. Payments made under operating leases are charged against income on a straight-line basis over the period of the lease.



Notes to the financial statements continued

for the year ended 30 June 2003

1. ACCOUNTING POLICIES AND DEFINITIONS (continued)

Foreign currencies

Transactions in foreign currencies are translated at the rates of exchange ruling at the transaction date and exchange differences are accounted for in the income statement in the year in which they arise.

Assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the date of the balance sheet. Income and expenditure are translated at the average rate of exchange during the year. Translation differences are classified as equity and are transferred to the group's translation reserve. Such translation differences are recognised as income or expenses in the period in which the operation is disposed of.

In order to hedge its exposure to foreign exchange risks, the group enters into forward contracts. Unrealised gains and losses arising on currency forward contracts designated as hedges of identified exposures are deferred and matched against gains and losses arising on the specified transaction.

Employee benefits

Short-term employee benefits

The cost of all short-term employee benefits is recognised during the year in which the employee renders the related service.

The provisions for employee entitlements to wages, salaries, annual and sick leave represent the amount which the group has a present obligation to pay as a result of employees' services provided to the balance sheet date. The provisions have been calculated based on current wage and salary rates.

Retirement benefit costs

Contributions to pension and provident funds for employees are charged against income as incurred. Benefits accrue on a defined contribution basis save for pre-1995 members of the Unitrans Retirement Fund for whom minimum guarantees are in place. Payments made to industry-managed retirement benefit schemes are dealt with as defined contribution plans where the group's obligations under the scheme are equivalent to those arising in a defined contribution retirement benefit plan.

Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur, and where a reliable estimate can be made of the amount of the obligation. A provision for restructuring is recognised when the group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Costs relating to the ongoing activities are not provided for. A provision for onerous contracts is recognised when the expected benefits to be derived by the group from a contract are lower than the unavoidable cost of meeting the obligations under the contract.

Insurance operations

Underwriting results are determined on an annual basis whereby the incurred cost of claims, commission and related expenses are charged against the earned proportion of premiums, net of reinsurance, as follows:

- premiums written relate to business incepted during the year, together with any differences between booked premiums for prior years and those previously recognised;
- unearned premiums represent the proportion of premiums written in the year that relate to unexpired terms of policies in force at the balance sheet date, generally calculated on a time proportionate basis;
- acquisition costs, which represent commission and other related expenses, are deferred over the period in which the related premiums are earned;
- claims incurred comprise claims and related expenses paid in the year and changes in the provisions for outstanding claims, including provisions for claims incurred but not reported and related expenses, together



with any other adjustments to claims from previous years. Where applicable, deductions are made for salvage and other recoveries; and

- claims outstanding represent the ultimate cost of settling all claims arising from events which have occurred up to the balance sheet date, including provision for claims incurred but not yet reported, less any amounts paid in respect of those claims. Claims outstanding are reduced by anticipated salvage and other recoveries.

Impairment

The carrying values of the group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If there is any indication that an asset may be impaired, its recoverable amount is estimated. The recoverable amount is the higher of its net selling price and its value in use. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are immediately recognised as expenses.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount. This is done so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is immediately recognised as income.

Derivative financial instruments

The group is occasionally party to forward contracts in its trading and risk management activities. These contracts are entered into to hedge foreign creditors and debtors where considered necessary.

At year-end open forward contracts are stated at fair market value.

Gains and losses on forward contracts entered into as fair value hedges are immediately recognised in the income statement.

Financial instruments

Financial instruments are initially measured at cost, which includes transaction costs. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets

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

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

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

Unlisted investments are classified as held to maturity financial assets and are carried at amortised cost.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Debt instruments issued, which carry a right to convert to equity that is dependent on the outcome of uncertainties beyond the control of both the group and the holder, are classified as liabilities except where the possibility of non-conversion is remote.

Significant financial liabilities include finance lease obligations, interest-bearing bank loans and overdrafts, convertible loan notes and trade and other payables.



Notes to the financial statements continued

for the year ended 30 June 2003

1. ACCOUNTING POLICIES AND DEFINITIONS (continued)

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

Trade and other payables are stated at their nominal value.

Equity instruments are recorded at the proceeds received, net of direct issue costs.

Off-balance sheet derivative instruments

Derivative financial instruments, comprising currency forward contracts and options and interest rate swap agreements, are not recognised in the financial statements on inception. The policy adopted for instruments designed to hedge foreign exchange risks is outlined under "foreign currencies" on page 66. Net income or expenses associated with interest rate swap agreements is recognised on an accrual basis over the life of the swap agreements as a component of interest.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Revenue recognition

Group revenue comprises revenue from trading activities after deducting value-added tax and trade discounts. The Motor Retail division eliminates revenue generated on the sale of the vehicles to the pre-owned wholesale trade.

Revenue from the sale of goods is recognised when the significant risks and rewards of the goods are transferred to the buyer. Revenue from services is recognised when the services have been rendered. Where the group acts as agent and is remunerated on a commission basis, only the commission income, and not the value of the business transacted, is included in revenue. Dividends are recognised when the right to receive payment is determined. Income from finance leases and instalment sales is credited to the income statement using the effective interest rate method.

Segmental information

The principal segments of the group have been identified on a primary basis by the nature of operations into four major areas of Freight and Logistics, Passenger, Motor Retail and Financial Services.

All segment revenue and expenses are directly attributable to the segments. Segment revenue, expenses and results include transfers between business segments and between geographical segments. Such transfers and services are accounted for at competitive market prices charged to unaffiliated customers for similar goods and, where material, are eliminated on consolidation. Segment assets include all operating assets used by a segment and consist principally of property, vehicles and equipment, and investments as well as current assets. These assets are all directly attributable to the segments.

Comparative figures

Where necessary comparative figures have been reclassified or restated for changes in accounting policies.

Share incentive scheme

The group operates an employee share incentive scheme through the Unitrans Share Trust. Shares are offered either on an option or a share purchase basis, which employees can take up in tranches over a period of between five and seven years but within a maximum period of 10 years. The beneficiaries under the scheme are executive directors, senior management and other employees. Costs incurred in administering the scheme are expensed as incurred. No compensation cost is recognised in these financial statements for options or shares granted to employees from the scheme.



DEFINITIONS

Capital employed

The sum of interest of all shareholders and net interest-bearing borrowings.

Dividend cover

Headline earnings per share divided by dividends per share.

Earnings per share

Net profit for the year divided by the weighted average number of ordinary shares in issue during the year.

Return on capital employed

Operating income after depreciation expressed as a percentage of average capital employed.

Return on shareholders' funds

The net profit for the year expressed as a percentage of average interest of shareholders of Unitrans Limited.

Return on revenue

Operating income after depreciation expressed as a percentage of revenue.

Interest cover

Operating income after depreciation divided by net finance costs.

Net interest-bearing borrowings

The sum of all interest-bearing borrowings excluding floorplan plus vendors for businesses acquired less cash and bank balances.

Weighted average number of shares in issue

The number of shares in issue at the beginning of the year, increased by shares issued during the year, weighted on a time basis for the period during which they have participated in the income of the group.

Net asset value per share

Interest of shareholders of Unitrans Limited divided by the number of shares in issue.

Diluted earnings per share

Net profit for the year divided by the weighted average number of ordinary shares in issue, increased by the weighted average number of ordinary shares that would be issued on the conversion of all dilutive ordinary shares.

Headline earnings per share

Net profit for the year adjusted for goodwill amortised and profit and loss on disposal of property, vehicles and equipment, and any other adjustments to headline earnings in accordance with Circular 7/2002 Headline Earnings, divided by the weighted average number of ordinary shares in issue.

Current ratio

Current assets divided by current liabilities.

Ebitda

Operating income before depreciation.

Ebitda %

Ebitda expressed as a percentage of revenue.



Notes to the financial statements continued

for the year ended 30 June 2003

	Immovable property R000	Group Vehicles and equipment R000	Total R000
2. PROPERTY, VEHICLES AND EQUIPMENT			
Cost			
At 30 June 2002	67 209	1 440 411	1 507 620
Additions	3 461	319 828	323 289
Acquisition of businesses	2 017	28 753	30 770
Disposals	(6 338)	(78 071)	(84 409)
Exchange rate adjustment	(418)	(35 033)	(35 451)
<i>At 30 June 2003</i>	65 931	1 675 888	1 741 819
Accumulated depreciation			
At 30 June 2002	27 969	662 636	690 605
Charge for the year	3 972	171 830	175 802
Disposals	(6 172)	(41 099)	(47 271)
Exchange rate adjustment	(94)	(12 149)	(12 243)
<i>At 30 June 2003</i>	25 675	781 218	806 893
Carrying amount			
<i>At 30 June 2003</i>	40 256	894 670	934 926
At 30 June 2002	39 240	777 775	817 015

A register of immovable property is available for inspection at the registered offices of individual group companies.

The expected useful lives used for calculating depreciation fall within the following ranges:

- buildings: 10 – 20 years; and
- vehicles and equipment: 3 – 8 years.

Immovable property with a book value of R3 042 000 is encumbered as detailed in note 15.

Certain vehicles with a book value of R5 334 568 are subject to finance leases as detailed in note 15.

The insurable value of the group's property, vehicles and equipment as at 30 June 2003 amounted to R2,1 billion.

This is based on the cost of replacement of such assets.



	Group		Company	
	2003 R000	2002 R000	2003 R000	2002 R000
3. GOODWILL				
Opening balance	51 096	45 645		
Net goodwill arising during the year	11 136	9 413		
Currency movement	(356)	–		
Amortisation	(13 819)	(3 962)		
	48 057	51 096		
Total goodwill amortised comprises				
Businesses acquired	13 819	3 962		
Associate and joint ventures (refer note 5)	3 766	9 183		
	17 585	13 145		
Goodwill is amortised over its expected useful life which varies between three and twenty years.				
4. INVESTMENT IN SUBSIDIARIES				
Shares at cost			344 100	344 090
Amounts due by subsidiaries			202 925	197 756
Amounts due to subsidiaries			(73 646)	(73 507)
			473 379	468 339

Certain subsidiaries operate in countries outside the Rand Monetary Area, where the amount of earnings that may be remitted is subject to local exchange control regulations. The consolidated attributable retained earnings in respect of these subsidiaries amounted to R64 694 000 (2002: R19 122 000).

The attributable net asset value amounted to R93 835 000 (2002: R57 808 000).

Further details of principal subsidiaries are set out in Annexure A on page 92.



Notes to the financial statements continued

for the year ended 30 June 2003

	Group		Company	
	2003 R000	2002 R000	2003 R000	2002 R000
5. INVESTMENT IN ASSOCIATE AND JOINT VENTURES				
The group's aggregate proportionate share of the associate company and joint ventures included in the consolidated balance sheet is as follows:				
Goodwill	32 272	41 163		
Goodwill amortised (refer note 3)	(3 766)	(9 183)		
Share of net asset value	49 616	(12 316)		
Cost of investment	78 122	19 664		
Share of retained loss at the beginning of the year	(4 265)	(2 416)		
Share of operating losses	(4 252)	(1 849)		
Balance at end of the year	69 605	15 399		
Loan to associate and joint ventures	17 577	47 827	31 847	38 565
Carrying value at end of the year	87 182	63 226	31 847	38 565
Valuation of investments				
Directors' valuation of associate company and joint ventures	90 000	73 000		
Aggregate of associate and joint ventures' net assets and revenue				
Property, vehicles and equipment, non-current assets and net of taxation	45 189	111 118		
Total borrowings	249 745	252 029		
Net working capital	321 668	141 728		
Revenue	377 794	268 376		
Operating losses after taxation	11 270	7 304		
Details of the associate and joint ventures are listed in Annexure A on page 92.				
6. OTHER NON-CURRENT ASSETS				
Finance debtors (net of provisions)	16 484	39 184	–	–
Less: Amounts repayable prior to 30 June 2004 transferred to current assets (refer note 9)	–	(22 700)	–	–
Unitrans Limited Share Trust*	39 817	45 270	39 817	45 270
Unlisted investments**	63 123	28 124	434	434
(Directors' valuation of unlisted investments R63 123 000 (2002: R28 124 000))				
	119 424	89 878	40 251	45 704

* As at 30 June 2003 the Unitrans Limited Share Trust had granted loans to employees totalling R40 248 457 (2002: R43 679 015).

** Details regarding the unlisted investments are available to shareholders on written request.



	Group		Company	
	2003 R000	2002 R000	2003 R000	2002 R000
7. NET ADVANCES				
Linked presentation relating to Unitrans Finance (Proprietary) Limited				
The assets and liabilities of Unitrans Finance (Proprietary) Limited have been linked together and offset against each other as the group is not obliged to support any losses of this company nor does it intend to do so.				
The liabilities relating to these advances are secured only against the gross advances.				
8. INVENTORIES				
Valued at cost				
Vehicles	604 397	473 161	–	–
Spares	91 981	82 721	–	–
Consumables	12 109	16 438	–	–
	708 487	572 320	–	–
Included in the above are vehicles which are subject to a lien of R174,3 million (2002: R81,2 million) in respect of the manufacturers' floorplan financing.				
9. TRADE AND OTHER RECEIVABLES				
Net trade and other debtors	524 248	475 161	249	7 348
Finance debtors – current portion (refer note 6)	–	22 700	–	–
	524 248	497 861	249	7 348



Notes to the financial statements continued

for the year ended 30 June 2003

	Group		Company	
	2003 R000	2002 R000	2003 R000	2002 R000
10. SHARE CAPITAL AND PREMIUM				
Share capital				
Authorised				
200 000 000 (2002: 200 000 000)				
shares of 10 cents each	20 000	20 000	20 000	20 000
Issued				
76 420 247 (2002: 76 250 692)				
shares of 10 cents each	7 642	7 625	7 642	7 625
Share premium	397 232	397 232	397 232	397 232
<i>Total issued share capital and premium</i>	404 874	404 857	404 874	404 857
			Number of shares	
			2003	2002
			R000	R000
Unissued shares				
Specifically reserved for the				
Unitrans Limited Share Scheme			6 201 869	6 519 957
Available for issue				
– Under the control of the directors			30 000 000	30 000 000
– Subject to the approval of the shareholders			87 377 884	87 229 351
Unissued shares at 30 June 2003			123 579 753	123 749 308



10. SHARE CAPITAL AND PREMIUM (continued)

Outstanding options

In terms of the Unitrans Limited Share Scheme the following options for shares have been granted and were outstanding:

Expiry date	Subscription price	Unexercised options	
		2003	2002
10 August 2002	R6,50	–	4 200
27 September 2003	R12,50	4 200	26 250
4 August 2004	R17,75	41 150	49 650
9 August 2005	R20,00	179 902	212 037
12 November 2006	R23,45	110 180	129 855
29 September 2007	R16,50	126 172	150 850
15 March 2008	R17,00	30 250	37 750
14 May 2008	R18,75	127 137	142 500
3 December 2008	R13,00	128 750	226 250
19 September 2009	R14,10	70 000	70 000
9 November 2009	R15,00	371 875	456 875
17 May 2010	R20,00	80 000	80 000
20 September 2010	R23,70	30 000	30 000
9 January 2011	R20,18	1 371 776	1 435 750
19 February 2012	R18,20	670 000	670 000
19 November 2012	R20,61	720 000	–
26 February 2013	R20,10	100 000	–
		4 161 392	3 721 967

	Group		Company	
	2003 R000	2002 R000	2003 R000	2002 R000
11. NON-DISTRIBUTABLE RESERVES				
Realised surplus				
– on sale of property	11 799	11 799	6 955	6 955
– on sale of other assets	149 040	149 040		
Unrealised surplus on revaluation of investments			27 720	27 720
Statutory reserves of subsidiaries	245	–		
Insurance company contingency reserves	4 619	2 398		
Unrealised foreign currency translation reserve	(27 180)	13 152		
	138 523	176 389	34 675	34 675
12. RETAINED SURPLUS				
Analysis of retained surpluses				
Holding company	186 535	121 269	186 535	121 269
Subsidiaries	473 656	384 986		
Associate and joint ventures	(8 517)	(4 265)		
	651 674	501 990	186 535	121 269



Notes to the financial statements continued

for the year ended 30 June 2003

	Group		Company	
	2003 R000	2002 R000	2003 R000	2002 R000
13. LONG-TERM PROVISIONS				
Property and buyback lease commitments				
At beginning of the year	26 242	28 895		
Provision released to the income statement	(10 976)	(2 653)		
	15 266	26 242		
Current portion	(5 560)	(3 259)		
Balance at end of the year	9 706	22 983		
The long-term provisions are in respect of the expected onerous property lease and buyback commitments, which have to be financed over a period ranging between two and nine years. The provisions are based on the net present value of outstanding commitments.				
14.1 DEFERRED TAXATION ASSET				
Movement of deferred taxation asset				
Balance at the beginning of the year	6 752	6 860	885	885
Current year movement	3 964	(108)	(1)	–
Balance at end of the year	10 716	6 752	884	885
Analysis of deferred taxation asset				
Provisions	10 716	6 752	884	885
	10 716	6 752	884	885
14.2 DEFERRED TAXATION LIABILITIES				
Movement of deferred taxation liabilities				
Balance at the beginning of the year	126 630	106 712	–	–
Current year movement	6 248	19 918	–	–
Balance at end of the year	132 878	126 630	–	–
Analysis of deferred taxation liabilities				
Capital allowances	131 893	133 347	–	–
Provisions	(6 548)	(14 424)	–	–
Prepayments	7 098	5 134	–	–
Effect of tax losses	–	(2 251)	–	–
Other temporary differences	435	4 824	–	–
	132 878	126 630	–	–



	Group		Company	
	2003 R000	2002 R000	2003 R000	2002 R000
15. INTEREST-BEARING BORROWINGS AND AMOUNTS DUE TO VENDORS FOR BUSINESSES ACQUIRED				
Bank loans bearing variable interest at rates between 15% and 19% with varying repayment terms	2 426	1 813	–	–
Secured loan over immovable property with a book value of R3 042 000 bearing interest at 15% repayable within five years	3 288	7 699	–	–
Unsecured bank loans bearing interest at prime with no fixed repayment terms	–	3 055	–	–
Unsecured loans bearing interest at rates which vary between 1% and 3% below prime with varying repayment terms	44 253	79 000	–	–
Unsecured interest-free loans repayable between three and five years	13 211	9 650	–	–
Finance leases over vehicles with a book value of R5 334 568 bearing interest at 1% below prime and repayable between July 2003 and June 2005	5 004	8 824	–	–
	68 182	110 041	–	–
Comprising				
<i>Non-current liabilities</i>				
Vendors for businesses acquired	12 023	8 000	–	–
Interest-bearing borrowings	4 790	11 102	–	–
<i>Current liabilities</i>				
Vendors for businesses acquired	1 188	1 650	–	–
Short-term borrowings	50 181	89 289	–	–
	68 182	110 041	–	–
16. FLOORPLAN CREDITORS				
Interest-bearing	143 661	12 179	–	–
Interest-free	55 017	80 389	–	–
	198 678	92 568	–	–



Notes to the financial statements continued

for the year ended 30 June 2003

	Group		Company	
	2003 R000	2002 R000	2003 R000	2002 R000
17. OPERATING INCOME BEFORE DEPRECIATION				
Operating income before depreciation is arrived at after taking into account the following items:				
After crediting				
Income from subsidiaries				
– Dividends			133 842	70 500
– Administration and professional fees			3 300	4 184
Foreign exchange profits realised	1 170	836	–	–
After charging				
Cost of sales	6 234 695	5 094 496	–	–
Employees' remuneration and other benefits	781 742	670 360	–	–
Foreign exchange losses realised	3 227	–	–	–
Financial derivative	2 630	–	–	–
Contribution to retirement benefit funds	79 055	65 474	–	–
Operating lease charges	78 664	58 713	–	–
– Properties	72 858	54 596	–	–
– Equipment	5 806	4 117	–	–
Auditors' remuneration				
– Fees	3 941	3 398	57	45
– Under/(over) provision prior year	478	436	–	(4)
– Other services	1 382	1 657	–	–
Remuneration paid for administrative and technical services	24 525	18 781	–	–
Directors' emoluments paid by subsidiaries			13 423	13 257
– Fees – non-executives			735	682
– Managerial services				
– Remuneration			5 298	4 851
– Incentive bonuses			4 169	4 636
– Fringe benefit value of share incentive loans			2 172	1 998
– Other fringe benefits			1 049	1 090
Refer note 28 for details				



	Group		Company	
	2003 R000	2002 R000	2003 R000	2002 R000
18. NET FINANCE COSTS				
Interest paid				
Banks	61 746	31 469	–	4
Loans	2 019	4 422	39	302
	63 765	35 891	39	306
Interest received				
Banks	(10 205)	(2 899)	(4 491)	(1 180)
Other	–	–	–	(302)
	(10 205)	(2 899)	(4 491)	(1 482)
Net finance costs	53 560	32 992	(4 452)	(1 176)
19. TAXATION EXPENSE				
South African normal taxation				
– Current	68 255	55 921	2 075	1 385
– Deferred	933	16 089	1	–
Foreign taxation				
– Current	11 787	3 914	–	–
– Deferred	1 351	–	–	–
Overprovision of taxation for previous years	(770)	(1 282)	–	–
Secondary taxation on companies	9 112	5 000	8 054	5 000
	90 668	79 642	10 130	6 385
Reconciliation of the taxation rate	%	%	%	%
Current year charge as a percentage of earnings before taxation	28	28	7	8
Secondary taxation on companies	(3)	(2)	(6)	(6)
Dividends, capital profits/losses, amortisation and exempt income	8	6	29	28
Disallowable expenses	(1)	(1)	–	–
Foreign taxation	(2)	(1)	–	–
Effective rate of taxation	30	30	30	30
Total estimated taxation losses	–	7 504		
Less: Applied to offset deferred taxation liability	–	7 504		
Available for offset against future taxable income	–	–		



Notes to the financial statements continued

for the year ended 30 June 2003

	Group		Company	
	2003 R000	2002 R000	2003 R000	2002 R000
20. HEADLINE EARNINGS				
Net profit for the year	215 866	199 364		
Adjustments:				
Goodwill amortisation	17 585	13 145		
Loss/(profit) on disposal of property, vehicles and equipment	585	(18 086)		
	234 036	194 423		
Taxation relief on loss on disposal of property, vehicles and equipment	(175)	–		
Headline earnings	233 861	194 423		
	Number of shares	Number of shares		
Weighted average number of ordinary shares in issue	76 278 485	76 204 308		
Weighted average number of ordinary shares in issue that would be issued on conversion of all dilutive ordinary shares	204 636	281 180		
Diluted weighted average ordinary shares in issue	76 483 121	76 485 488		
	Cents	Cents		
Earnings per share	283,0	261,6		
Diluted earnings per share	282,2	260,7		
Headline earnings per share	306,6	255,1		
Diluted headline earnings per share	305,8	254,2		

21. DIVIDENDS PER SHARE

A final dividend of 84,5 cents per share was paid to shareholders registered on 4 October 2002. In accordance with the company's dividend policy, no interim dividend was paid. On 26 August 2003 the directors declared dividend No 30 of 93 cents per share. This dividend has been declared payable on 6 October 2003 to those shareholders recorded as such in the books of the company at close of business on 3 October 2003.



	Group		Company	
	2003 R000	2002 R000	2003 R000	2002 R000
22. ATTRIBUTABLE INTEREST IN THE AGGREGATE NET PROFITS OR LOSSES OF SUBSIDIARIES, ASSOCIATE AND JOINT VENTURES				
– Aggregate (loss)/earnings of holding company	(4 144)	4 705		
– Aggregate earnings of subsidiary companies	225 297	208 049		
– Aggregate losses of subsidiary companies	(1 035)	(11 541)		
– Aggregate losses of associate and joint ventures	(4 252)	(1 849)		
	215 866	199 364		
23. COMMITMENTS				
Capital expenditure commitments to be incurred				
– Contracted but not provided for	77 088	32 883		
This expenditure will be financed from internally generated funds and existing borrowing facilities.				
Operating lease commitments				
Payable within one year	88 282	68 794		
Payable within five years	206 931	194 466		
Payable thereafter	235 899	266 001		
	531 112	529 261		
Buyback agreements				
The Motor and Financial Services division has certain buyback commitments for vehicle sales. The commitments are based on conservative estimated residual values.	196 215	148 000		
24. CONTINGENT LIABILITIES				
In the prior year a subsidiary had guaranteed certain bank overdrafts and loans of its associate totalling R37 million.				
Litigation, current or pending, is not considered likely to have a material adverse effect on the group.				



Notes to the financial statements continued

for the year ended 30 June 2003

25. FINANCIAL INSTRUMENTS

The group's financial instruments consist mainly of deposits with banks, local money market instruments, accounts receivable and payable and loans to and from subsidiaries, joint ventures and associates.

Treasury risk management

Senior officers of the group analyse currency and interest rate exposure and re-evaluate treasury management strategies against revised economic forecasts.

The group's treasury operations provide the group with access to local money markets and provide group subsidiaries with the benefits of bulk financing and deposits.

Foreign currency management

Trade exposure

The group's policy is to cover forward all material trade commitments. Each division manages its own trade exposure. In this regard the group occasionally enters into certain forward exchange contracts which do not relate to specific items appearing in the balance sheet, but are entered into to cover foreign commitments not yet due and proceeds not yet received. The risk of having to close out these contracts is considered to be low. There were no material contract amounts of derivative financial instruments outstanding at the balance sheet date.

Interest rate management

As part of the process of managing the group's fixed and floating rate mix, the interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates. For the interest rate profile of total borrowings refer note 15.

Maturity profile of financial instruments

The maturity profile of the financial instruments are summarised as follows:

		2003 R000			
	Next year	1 – 4 years	> 4 years	Total	
Financial assets					
Cash and bank balances	66 580	–	–	66 580	
Trade and other receivables	524 248	–	–	524 248	
Other non-current assets	–	19 908	99 516	119 424	
Financial liabilities					
Interest-bearing liabilities	50 181	4 790	–	54 971	
Trade and other payables	804 448	–	–	804 448	
Floorplan creditors	198 678	–	–	198 678	
Vendors for businesses acquired	1 188	12 023	–	13 211	



25. FINANCIAL INSTRUMENTS (continued)

Fair value of financial assets and liabilities

Certain financial assets and liabilities which are accounted for at historical cost may differ from their value.

The estimated fair values have been determined using available market information and appropriate valuation methodologies as detailed below:

	2003 R000	
	Book value	Fair value
Financial assets		
Cash and bank balances	66 580	66 580
Trade and other receivables	524 248	524 248
Other non-current assets	119 424	119 424
Financial liabilities		
Non-current interest-bearing liabilities	4 790	4 790
Short-term borrowings	50 181	50 181
Trade and other payables	804 448	804 448
Floorplan creditors	198 678	198 678
Vendors for businesses acquired	13 211	13 211

The following methods and assumptions were used by the group in determining fair values:

Financial assets

The book value of cash and cash equivalents, trade and other receivables and other non-current assets approximates the fair value.

Financial liabilities

The book value of short-term borrowings, trade and other payables approximates the fair value.

Credit risk management

Potential areas of credit risk consist of trade accounts receivable and cash investments.

Trade accounts receivable consist mainly of a large widespread customer base. Group companies monitor the financial position of their customers on an ongoing basis. The granting of credit is controlled at operational level by application and account limits. Provision is made for both specific and general doubtful debts and at year-end management did not consider there to be any material credit risk exposure that was not already covered by credit guarantee or a doubtful debt provision.

It is group policy to deposit cash investments only with major banks.



Notes to the financial statements continued

for the year ended 30 June 2003

25. FINANCIAL INSTRUMENTS (continued)

Liquidity risk management

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

26. RELATED PARTY TRANSACTIONS

Identity of related parties

The significant shareholders have been identified on page 55 of the directors' report.

The subsidiaries, associate and joint ventures of the group are identified in Annexure A. The directors are listed on pages 8 and 9.

Material related party transactions

Loans to and from related parties – refer Annexure A, on page 92 and note 4 on page 71 and note 5 on page 72

Loan to Unitrans Limited Share Trust – refer note 6

Dividend income from related parties – refer note 17

Dividends paid – refer note 21

Directors' emoluments – refer notes 17 and 28

The group eliminates material inter-group balances and transactions.

27. EMPLOYEE BENEFITS

All employees are eligible for membership of the pension, provident and medical aid funds. The group companies' contributions to these funds during the year amounted to R79,1 million (2002: R65,5 million).

Contributions to pension and provident funds are made by employees and group companies. Benefits are accrued on a defined contribution basis, except for the pre-1995 members of the Unitrans Retirement Fund for whom there is a minimum guarantee in place. Group funds are administered by trustees with equal representation from members and employees. Certain employees do not belong to group funds, but contribute to umbrella funds or industry funds established and administered by national bargaining councils.

It is the group's ongoing long-term strategy to rationalise the number of retirement funding vehicles and to streamline collective bargaining arrangements. This process began with the participation by Unitrans Limited as principal employer in an umbrella fund, the Alexander Forbes Retirement Fund (Provident Fund Section), and the subsequent closing of the Unitrans Retirement Fund to new members on 1 June 2001. As the Transport and Logistics divisions acquire new companies, membership of the Alexander Forbes Fund will be offered to salaried staff, and membership of the negotiated Unitrans Provident Fund or the appropriate industry fund to staff who fall within the jurisdiction of national bargaining councils. The Motor and Financial Services division has adopted a similar strategy.



27. EMPLOYEE BENEFITS (continued)

The group pension fund and the group provident funds are registered in terms of the Pension Funds Act, 1956 ("the Act"). The Unitrans Retirement Fund is not exempt from actuarial valuation and is therefore subject to the requirements of the Act regarding the surplus apportionment exercise. The surplus apportionment date for this fund is 1 January 2003, and a valuation of the fund showed that it was in a sound financial position at that date. The trustees and actuary are in the process of determining inter alia any improper use of surplus (as defined in the legislation and regulations), and whether there is any shortfall that needs to be funded by the group or any surplus that accrues to the group. The group is unable to determine the amount with any certainty until the surplus apportionment exercise has been completed. Based on information available at this point, and having due regard to the uncertainties attaching to the interpretation of regulations associated with the legislation, it would appear unlikely that any surplus or shortfall will be material.

At 30 June 2003 membership of the pension fund within the group stood at 503 (2002: 583) while 4 103 (2002: 3 805) employees were members of the group provident funds. 467 (2002: 391) employees were covered by the group life assurance scheme for seasonal and contract workers. In addition 3 055 (2002: 2 948) employees within the Motor and Financial Services division were members of industry pension and provident funds.

28% (2002: 30%) of employees belong to the medical aid funds to which the group contributes. None of the group pension and provident funds had any liability in respect of the cost of medical aid benefits to retirees.



Notes to the financial statements continued

for the year ended 30 June 2003

28. DIRECTORS' REMUNERATION AND INTERESTS

Directors' remuneration

The directors' remuneration for the year ended 30 June 2003 was as follows:

Executive directors

Name	Salary and allowances R	Performance bonuses ⁽¹⁾ R	Company contributions to retirement and medical funds R	Company vehicles R	Subtotal R	Other ⁽²⁾ R	Total R
PJ Dieperink	1 058 340	1 024 411	185 368		2 268 119		2 268 119
KJ Grové	1 735 000	1 539 834	162 063		3 436 897	917 681	4 354 578
SM Keys	855 660	975 520	242 708	131 700	2 205 588		2 205 588
RH Naisby	906 450	629 496	152 094		1 688 040		1 688 040
	4 555 450	4 169 261	742 233	131 700	9 598 644	917 681	10 516 325

(1) Performance bonuses are payable in terms of the Executive Incentive Scheme approved by the remuneration committee and are accounted for on an accrual basis to match the amount payable to the applicable financial year-end.

(2) "Other" relates to the payment made on 17 September 2002 in connection with 60 000 shares held by Mr Grové via the Unitrans Limited Share Scheme. The 60 000 shares formed part of the incentive offered to Mr Grové on his appointment as chief executive on 1 September 1998. Mr Grové was entitled to put these shares, purchased on 17 September 1998 at R15,50 per share, to the Unitrans Limited Share Scheme at R32,50 per share on 17 September 2002.

As at 30 June 2003, one further tranche of 60 000 shares in Unitrans Limited was held by Mr Grové in respect of this recruitment incentive. This remaining tranche will mature on 17 September 2003.

(3) The executive directors do not have fixed-term contracts.

Non-executive directors

	Directors' fees R	Audit committee R	Remuneration committee R	Sub-total R
DC Brink	132 350 ^c		33 088 ^c	165 438
BC Bruce [#]	76 175		15 794	91 969
MJ Jooste [*]	76 175		15 794	91 969
D Konar	76 175	40 588 ^c		116 763
PK Quarmby	76 175			76 175
RW Rees [#]	76 175	20 294		96 469
DM van der Merwe [*]	76 175	20 294		96 469
	589 400	81 176	64 676	735 252
Total remuneration paid to directors (executive and non-executive)**				11 251 577

^c Chairman

[#] Fees paid to M & R Head Office Services (Proprietary) Limited

^{*} Fees paid to Steinhoff International Holdings Limited

^{**} Exclusive of a total of R2 171 624 in respect of deemed interest on interest-free loans granted in terms of the Unitrans Limited Share Scheme. (Refer to the individual declarations in note 1 to this note 28 on page 90)



28. DIRECTORS' REMUNERATION AND INTERESTS (continued)

Interest of the directors of the company in share options and share purchases under the Unitrans Limited Share Scheme

The Unitrans Limited Share Option Scheme

	Number of options as at 30 June 2002	Number of options granted during the year	Number of options exercised during the year	Price at which exercised (cents)	Number of options as at 30 June 2003	Option price (cents)	Vesting dates	Expiry date
PJ Dieperink	7 500				7 500	1 650	29/09/2000	29/09/2007
	8 750				8 750	1 650	29/09/2002	29/09/2007
	8 750				8 750	1 650	29/09/2004	29/09/2007
	7 500				7 500	1 700	16/03/2001	15/03/2008
	8 750				8 750	1 700	16/03/2003	15/03/2008
	8 750				8 750	1 700	16/03/2005	15/03/2008
	12 500				12 500	2 018	09/01/2003	09/01/2011
	12 500				12 500	2 018	09/01/2004	09/01/2011
	12 500				12 500	2 018	09/01/2005	09/01/2011
	12 500				12 500	2 018	09/01/2006	09/01/2011
	15 000				15 000	1 820	19/02/2004	19/02/2012
	15 000				15 000	1 820	19/02/2005	19/02/2012
	15 000				15 000	1 820	19/02/2006	19/02/2012
	15 000				15 000	1 820	19/02/2007	19/02/2012
		18 750*			18 750	2 061	19/11/2004	19/11/2012
		18 750*			18 750	2 061	19/11/2005	19/11/2012
		18 750*			18 750	2 061	19/11/2006	19/11/2012
		18 750*			18 750	2 061	19/11/2007	19/11/2012
KJ Grové	20 000				20 000	2 000	17/05/2002	17/05/2010
	20 000				20 000	2 000	17/05/2003	17/05/2010
	20 000				20 000	2 000	17/05/2004	17/05/2010
	20 000				20 000	2 000	17/05/2005	17/05/2010
	17 500				17 500	2 018	09/01/2003	09/01/2011
	17 500				17 500	2 018	09/01/2004	09/01/2011
	17 500				17 500	2 018	09/01/2005	09/01/2011
	17 500				17 500	2 018	09/01/2006	09/01/2011
	27 500				27 500	1 820	19/02/2004	19/02/2012
	27 500				27 500	1 820	19/02/2005	19/02/2012
	27 500				27 500	1 820	19/02/2006	19/02/2012
	27 500				27 500	1 820	19/02/2007	19/02/2012
		27 500*			27 500	2 061	19/11/2004	19/11/2012
		27 500*			27 500	2 061	19/11/2005	19/11/2012
		27 500*			27 500	2 061	19/11/2006	19/11/2012
		27 500*			27 500	2 061	19/11/2007	19/11/2012



Notes to the financial statements continued

for the year ended 30 June 2003

28. DIRECTORS' REMUNERATION AND INTERESTS (continued)

The Unitrans Limited Share Option Scheme (continued)

	Number of options as at 30 June 2002	Number of options granted during the year	Number of options exercised during the year	Price at which exercised (cents)	Number of options as at 30 June 2003	Option price (cents)	Vesting dates	Expiry date
SM Keys	15 000				15 000	1 820	19/02/2004	19/02/2012
	15 000				15 000	1 820	19/02/2005	19/02/2012
	15 000				15 000	1 820	19/02/2006	19/02/2012
	15 000				15 000	1 820	19/02/2007	19/02/2012
		15 000*			15 000	2 061	19/11/2004	19/11/2012
		15 000*			15 000	2 061	19/11/2005	19/11/2012
		15 000*			15 000	2 061	19/11/2006	19/11/2012
		15 000*			15 000	2 061	19/11/2007	19/11/2012
RH Naisby	15 750		15 750	1 925	–	1 250	27/09/2000	27/09/2003
	5 950		5 950	2 130	–	1 775	04/08/1999	04/08/2004
	5 950		245	2 130	5 705	1 775	04/08/2001	04/08/2004
	5 100				5 100	2 000	09/08/1998	09/08/2005
	5 950				5 950	2 000	09/08/2000	09/08/2005
	5 950				5 950	2 000	09/08/2002	09/08/2005
	2 910		2 910	2 130	–	1 650	29/09/2000	29/09/2007
	3 395		3 395	2 130	–	1 650	29/09/2002	29/09/2007
	3 395				3 395	1 650	29/09/2004	29/09/2007
	12 500		12 500	1 925	–	1 300	03/12/2000	03/12/2008
	12 500		12 500	1 925	–	1 300	03/12/2001	03/12/2008
	12 500		12 500	2 130	–	1 300	03/12/2002	03/12/2008
	12 500				12 500	1 300	03/12/2003	03/12/2008
	25 000		25 000	2 130	–	1 500	10/11/2001	10/11/2009
	25 000		25 000	2 130	–	1 500	10/11/2002	10/11/2009
	25 000				25 000	1 500	10/11/2003	10/11/2009
	25 000				25 000	1 500	10/11/2004	10/11/2009
	12 500				12 500	2 018	09/01/2003	09/01/2011
	12 500				12 500	2 018	09/01/2004	09/01/2011
	12 500				12 500	2 018	09/01/2005	09/01/2011
	12 500				12 500	2 018	09/01/2006	09/01/2011
	12 500				12 500	1 820	19/02/2004	19/02/2012
	12 500				12 500	1 820	19/02/2005	19/02/2012
	12 500				12 500	1 820	19/02/2006	19/02/2012
	12 500				12 500	1 820	19/02/2007	19/02/2012
		12 500*			12 500	2 061	19/11/2004	19/11/2012
		12 500*			12 500	2 061	19/11/2005	19/11/2012
		12 500*			12 500	2 061	19/11/2006	19/11/2012
		12 500*			12 500	2 061	19/11/2007	19/11/2012
	784 350	295 000	115 750		963 600			

* Note: The vesting of options granted on 19 November 2002 was further subject to the matching or exceeding, over the relevant periods, of the growth in the Indi 25 Index published by the JSE. A hurdle rate will be applicable to future allocations of shares or options.



28. DIRECTORS' REMUNERATION AND INTERESTS (continued)

The Unitrans Limited Share Purchase Scheme

	Number of shares purchased as at 30 June 2002	Number of shares purchased during the year	Number of shares sold during the year	Number of shares purchased as at 30 June 2003	Purchase price (cents)	Vesting dates	Expiry date
PJ Dieperink	15 000			15 000	1 300	03/12/2000	03/12/2008
	15 000			15 000	1 300	03/12/2001	03/12/2008
	15 000			15 000	1 300	03/12/2002	03/12/2008
	15 000			15 000	1 300	03/12/2003	03/12/2008
	25 000			25 000	1 500	10/11/2001	10/11/2009
	25 000			25 000	1 500	10/11/2002	10/11/2009
	25 000			25 000	1 500	10/11/2003	10/11/2009
	25 000			25 000	1 500	10/11/2004	10/11/2009
	20 000			20 000	2 000	17/05/2002	17/05/2010
	20 000			20 000	2 000	17/05/2003	17/05/2010
	20 000			20 000	2 000	17/05/2004	17/05/2010
	20 000			20 000	2 000	17/05/2005	17/05/2010
KJ Grové	37 500			37 500	1 550	17/09/2000	17/09/2008
	37 500			37 500	1 550	17/09/2001	17/09/2008
	37 500			37 500	1 550	17/09/2002	17/09/2008
	37 500			37 500	1 550	17/09/2003	17/09/2008
	50 000			50 000	1 500	10/11/2001	10/11/2009
	50 000			50 000	1 500	10/11/2002	10/11/2009
	50 000			50 000	1 500	10/11/2003	10/11/2009
	50 000			50 000	1 500	10/11/2004	10/11/2009



Notes to the financial statements continued

for the year ended 30 June 2003

28. DIRECTORS' REMUNERATION AND INTERESTS (continued)

The Unitrans Limited Share Purchase Scheme (continued)

	Number of shares purchased as at 30 June 2002	Number of shares purchased during the year	Number of shares sold during the year	Number of shares purchased as at 30 June 2003	Purchase price (cents)	Vesting dates	Expiry date
SM Keys	17 500			17 500	1 700	15/03/2003	15/03/2008
	17 500			17 500	1 700	15/03/2005	15/03/2008
	15 000			15 000	1 300	03/12/2001	03/12/2008
	15 000			15 000	1 300	03/12/2002	03/12/2008
	15 000			15 000	1 300	03/12/2003	03/12/2008
	25 000			25 000	1 500	10/11/2002	10/11/2009
	25 000			25 000	1 500	10/11/2003	10/11/2009
	25 000			25 000	1 500	10/11/2004	10/11/2009
	10 000			10 000	2 000	17/05/2002	17/05/2010
	10 000			10 000	2 000	17/05/2003	17/05/2010
	10 000			10 000	2 000	17/05/2004	17/05/2010
	10 000			10 000	2 000	17/05/2005	17/05/2010
	12 500			12 500	2 018	09/01/2003	09/01/2011
	12 500			12 500	2 018	09/01/2004	09/01/2011
	12 500			12 500	2 018	09/01/2005	09/01/2011
	12 500			12 500	2 018	09/01/2006	09/01/2011
RH Naisby	3 000			3 000	1 700	15/03/2001	15/03/2008
	3 500			3 500	1 700	15/03/2003	15/03/2008
	3 500			3 500	1 700	15/03/2005	15/03/2008
	10 000			10 000	2 000	17/05/2002	17/05/2010
	10 000			10 000	2 000	17/05/2003	17/05/2010
	10 000			10 000	2 000	17/05/2004	17/05/2010
	10 000			10 000	2 000	17/05/2005	17/05/2010
	885 000			885 000			

1. Deemed interest for the year ended 30 June 2003 on the interest-free loans granted to directors to facilitate the above share purchases has been calculated as follows:

	R
PJ Dieperink	539 818
KJ Grové	915 976
SM Keys	578 004
RH Naisby	137 826
	<u>R 2 171 624</u>

2. No options have been granted, nor have any shares in the company been sold, to any non-executive director in terms of the Unitrans Limited Share Scheme.



29. GROUP SEGMENTAL REPORT

	Transport and Logistics			Motor and Financial Services			Group
	Freight and Logistics R000	Passenger R000	Total R000	Retail R000	Financial Services R000	Total R000	R000
2003							
Income statement							
Revenue	1 483 014	347 688	1 830 702	5 419 818	141 370	5 561 188	7 391 890
Operating income after depreciation	169 923	42 460	212 383	144 941	28 260	173 201	385 584
Depreciation	133 609	29 924	163 533	11 016	1 253	12 269	175 802
Balance sheet							
Total assets	1 232 005	202 299	1 434 304	974 449	90 867	1 065 316	2 499 620
Capital employed	695 595	119 285	814 880	387 012	33 348	420 360	1 235 240
Capital expenditure	231 945	67 304	299 249	23 778	262	24 040	323 289
2002							
Income statement							
Revenue	1 285 313	304 075	1 589 388	4 263 906	141 726	4 405 632	5 995 020
Operating income after depreciation	146 364	36 114	182 478	106 566	22 160	128 726	311 204
Depreciation	118 591	27 612	146 203	11 614	1 563	13 177	159 380
Balance sheet							
Total assets	1 141 185	166 693	1 307 878	843 762	88 979	932 741	2 240 619
Capital employed	600 122	103 325	703 447	311 452	41 232	352 684	1 056 131
Capital expenditure	251 117	53 798	304 915	29 968	724	30 692	335 607



Notes to the financial statements continued

for the year ended 30 June 2003

ANNEXURE A INTEREST IN SUBSIDIARIES, ASSOCIATE AND JOINT VENTURES

	Amount of issued capital R	Share premium R	Cost of investments		Indebtedness	
			2003 R000	2002 R000	2003 R000	2002 R000
Directly or indirectly held 100% except where stated otherwise						
SUBSIDIARIES						
TRANSPORT AND LOGISTICS						
<i>Freight and Logistics</i>						
Klipstone Transport (Proprietary) Limited (51%)	1 000		—	—	—	—
Lesotho Carriers (Proprietary) Limited (incorporated in Lesotho)	1 000#		1	1	(180)	(180)
Unitrans Botswana (Proprietary) Limited (incorporated in Botswana)	400 000*		502	502	—	—
Unitrans Express Deliveries (Proprietary) Limited (75%)	1 000		—	—	3 282	—
Unitrans Freight (Proprietary) Limited	352 266	350 036 200	141 018	141 018	4 000	319
Unitrans Fuel and Chemical (Proprietary) Limited (75%)	400		—	—	—	—
Unitrans Lesotho (Proprietary) Limited (incorporated in Lesotho) (75%)	1 000#		—	—	—	—
Unitrans Malawi Limited (incorporated in Malawi)	27 738 974##		—	—	—	—
Unitrans Mozambique Limitada (incorporated in Mozambique)	10 000US\$		—	—	—	—
Unitrans Namibia (Proprietary) Limited (incorporated in Namibia)	100\$		8 149	8 149	—	—
Unitrans Ocean Logistics (Proprietary) Limited	100		—	—	—	—
Unitrans Offshore Limited	34 547US\$	754 083US\$	116 395	116 395	—	—
Unitrans Swaziland Limited (incorporated in Swaziland) (75%)	262 162**		—	—	—	—
Unitrans Tanzania (Proprietary) Limited	2 000Tsh		—	—	—	—
Unitrans Zululand (Proprietary) Limited	1 119 547	19 478 954	8 191	8 191	—	—
<i>Passenger</i>						
Greyhound Coach Lines (Proprietary) Limited	100		—	—	—	—
Mega Bus and Coach (Proprietary) Limited	100		—	—	—	—
Unitrans Passenger (Proprietary) Limited	50 833	14 853 343	4 224	4 224	5 000	—
MOTOR AND FINANCIAL SERVICES						
<i>Motor Retail</i>						
Autocare Warranty (Proprietary) Limited	1		—	—	—	—
Unitrans Motors (Proprietary) Limited	120 004		—	—	—	—
Unitrans Motor Enterprises (Proprietary) Limited	100		—	—	138 746	180 080
Unitrans Retail Services (Proprietary) Limited	1		—	—	—	—
<i>Financial Services</i>						
Contract Lease Management (Proprietary) Limited	100		—	—	—	—
Unitrans Insurance Limited	9 001		—	—	—	—
Unitrans Finance (Proprietary) Limited (65%)	100		—	—	—	—
CORPORATE						
Unitrans Services (Proprietary) Limited	100		—	—	12 000	—
Other property, dormant and investment companiesΔ	1 226 036	56 024 824	65 620	65 610	(33 569)	(55 970)
			344 100	344 090	129 279	124 249
ASSOCIATE AND JOINT VENTURES						
Alisa Holdings (Proprietary) Limited t/a Hertz (40%)	7 500		—	—	—	—
New Unitrans Finance (Proprietary) Limited 50%	100		—	—	—	—
Roadway Logistics (Proprietary) Limited (50%)	200		—	—	31 847	38 565
UPS Logistics Group (Proprietary) Limited (50%)	1 000		—	—	—	—
			—	—	31 847	38 565

* Pula ** Emalangeneni # Maloti ## Malawi kwacha

\$ Namibian dollar US\$ United States dollar Tsh Tanzanian shilling Δ Details of other companies are available on request



Notice to members

UNITRANS LIMITED

(Registration number 1967/003403/06)

("the company")

Notice is hereby given that the 36th annual general meeting of the members of the company will be held at 263 Oxford Road, Illovo, on 5 December 2003 at 09:00 for the following purposes:

1. To receive and adopt the annual financial statements for the year ended 30 June 2003.
2. **DIRECTORATE**
To individually elect directors in place of the following directors who, in accordance with the articles of association, retire by rotation as directors and, being eligible, offer themselves for re-election:

- 2.1 Dr D Konar
- 2.2 Mr PK Quarmby
- 2.3 Mr RW Rees
- 2.4 Mr DM van der Merwe

Details of the experience and qualifications of each of the directors offering themselves for re-election are contained on page 96 of the report to which this notice is attached.

3. To place 5 305 249 of the unissued shares in the capital of the company under the control of the directors for purposes of the Unitrans Limited Share Scheme.
4. To place the balance of the unissued shares in the capital of the company under the control of the directors who are authorised, subject to the provisions of the Companies Act, No 61 of 1973, as amended ("the Act") and to the Listings Requirements of the JSE Securities Exchange South Africa ("the JSE"), until the next annual general meeting of the company, to allot these shares on such terms and conditions as they deem fit including but not limited to any allotments to shareholders as capitalisation awards.

5. GENERAL AUTHORITY TO REPURCHASE SHARES

To consider and, if deemed fit, to pass with or without modification the following resolution as a special resolution:

"RESOLVED THAT:

the acquisition by the company of shares issued by it, on such terms and conditions as may be determined by the directors and the acquisition by any subsidiary of the company of shares issued by

the company, on such terms and conditions as may be determined by the directors of any such subsidiary, including the conclusion of derivative transactions which may result in any such acquisition of the company's shares, be and is hereby approved as a general approval in terms of section 85(1) and 89 of the Act, subject to the relevant provisions of the Act and to the Listings Requirements of the JSE in force at the time of acquisition and provided that:

- a) such acquisition is permitted in terms of the Act and the company's articles of association;
- b) such acquisition is limited to a maximum of 20% of the company's issued securities of the type or class concerned in any one financial year of the company provided that the acquisition of shares by a subsidiary of the company may not exceed 10% in the aggregate, in any one financial year, of the number of issued shares of the company;
- c) such acquisition is made at a price which is not more than 10% above the weighted average of the market value for the securities concerned for the five business days immediately preceding the date of the acquisition;
- d) such repurchase is implemented on the JSE ("open market");
- e) any other applicable terms and conditions relating to such acquisition imposed by the Listings Requirements of the JSE are complied with; and
- f) the approval continues to be of force and effect only until the next annual general meeting of the company provided that it shall not extend beyond 15 months from the date of passing of this resolution or until revoked or varied prior thereto by special resolution at any general meeting of the company."

The reason for this special resolution is to obtain shareholder permission, as a general authority, for the company to acquire its own shares and for any subsidiary of the company to acquire shares issued by the company subject to the provisions of the Act and the Listings Requirements of the JSE. The effect of this resolution will be to grant the requested general authority to the directors of the company.



Notice to members continued

for the year ended 30 June 2003

A share buyback is not contemplated at the date of this notice. It is the intention of the board of directors that they will use such authority, if granted, should prevailing circumstances in their opinion warrant a share buyback. It is the opinion of the directors that, for a period of 12 months after the date of this notice, the company and the group will:

- in the ordinary course of business, be able to pay its debts;
- have consolidated assets, fairly valued in accordance with South African Generally Accepted Accounting Practice, in excess of its consolidated liabilities;
- have adequate ordinary capital and reserves; and
- have adequate working capital and reserves.

Should a share buyback in terms of the general authority sought be contemplated by the directors, the written assurance of the company's sponsor in respect of the company's working capital shall be furnished by the company's sponsor, by way of a letter to the Listings Department of the JSE, prior to the company entering the market to commence any share repurchases. Furthermore, the company's sponsor shall be consulted before the company:

- repurchases, in terms of the general authority, more than 10% of the shares in issue;
- repurchases shares and the financial position of the group has changed materially from the date when the sponsor first issued its letter of assurance in respect of working capital.

A certificate by the company's auditors confirming the above statements should be issued at the time of any repurchase and, when 3% of the initial number, ie the number of shares in issue at the time that the general authority from shareholders is granted, is cumulatively repurchased and for each 3% in aggregate of the initial number acquired thereafter, an announcement shall be made in accordance with the Listings Requirements of the JSE.

6. RENEWAL OF GENERAL AUTHORITY TO ISSUE SHARES FOR CASH

To authorise the directors, subject to the Listings Requirements of the JSE, until the conclusion of the next annual general meeting of the company but in

any event not later than 15 months from the date of this meeting, to issue, at their discretion, ordinary shares for cash, other than by way of a rights offer, provided that:

- the shares so issued shall be issued only to public shareholders (as defined in paragraphs 4.25 to 4.27 of the Listings Requirements of the JSE) and not to related parties;
- the number of shares so issued shall not in any one year exceed 15% of the number of ordinary shares in issue at the time the issue is made; and
- in determining the price at which an issue of shares for cash will be made in terms of this authority, the maximum discount permitted will be 10% of the weighted average traded price on the JSE of the company's shares over the 30 business days prior to the date that the issue price is determined or agreed by the company's directors.

Should shares be issued for cash in terms of this authority representing, on a cumulative basis within a financial year, 5% or more of the number of shares in issue prior to that issue, an announcement shall be published in accordance with the provisions of the Listings Requirements of the JSE.

The reason for this resolution is to obtain shareholder permission, as a general authority for the company to issue shares for cash, subject to the provisions of the Act and the Listings Requirements of the JSE. The effect of this resolution will be to grant the requested general authority to the directors of the company.

This resolution requires the approval of not less than 75% of the votes cast by shareholders present or represented by proxy and entitled to vote at the meeting.

7. DIRECTORS' FEES

7.1 Ratification of directors' fees

To ratify the aggregate sum of R735 252 in respect of fees paid to the non-executive directors for the financial year ended 30 June 2003.

The directors' fees paid in respect of the financial year ended 30 June 2003 are disclosed on page 86 of the report to which this notice is attached.



7.2 Approval of directors' fees

To approve the fees to be paid, in arrears, to the non-executive directors for the period 1 July 2003 to 31 December 2003 as detailed below.

To be approved for period
1 July 2003 to 31 December 2003

Board	R
Chairman	70 000
Non-executive director (see note)	15 000
Audit and risk management committee	
Chairman	25 000
Member	12 500
Remuneration, human resources and nominations committee	
Chairman	17 500
Member	8 000

Note:

The fee payable to non-executive directors is a per meeting fee of R15 000 in respect of each of the scheduled board meetings. Additional fees would be payable on a pro-rated time basis should extra "ad hoc" meetings be convened.

8. To appoint Deloitte & Touche as auditors of the company.

It is proposed that Deloitte & Touche be appointed as auditors of the company with KPMG Inc. to be retained as auditors of certain of the group's divisions and subsidiaries.

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

By order of the board

JV Radnay
Secretary

Illovo
7 November 2003

PROXIES

A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and speak and on a poll, to vote in his/her stead. A proxy need not be a member of the company. Proxy forms must be deposited at the office of the transfer secretaries not less than 48 hours before the time of the meeting.

The form of proxy for the annual general meeting which sets out the relevant instructions as to how members may vote and/or attend the meeting, is attached on page 97. Additional forms may be obtained on request from the transfer secretaries of the company or from the company's registered office.



Re-election of directors

at the annual general meeting of shareholders to be held on 5 December 2003

Details of the experience and qualifications of the directors retiring by rotation who, being eligible, will offer themselves for re-election at the annual general meeting of shareholders on 5 December 2003 are as follows:

Dr Deenadayalen (Len) Konar

BCom, MAS (Illinois), DCom, Chartered Accountant (South Africa). Len Konar was previously Professor and Head of the Department of Accountancy at the University of Durban-Westville. He is the patron of the Institute of Internal Auditors South Africa and a member of the King Committee on Corporate Governance, the Securities Regulation Panel, the Audit Committee Forum and the Institute of Directors. Companies of which he is a non-executive director include Old Mutual South Africa, the South African Reserve Bank, Kumba Resources Limited, Illovo Sugar Limited, JD Group Limited and Steinhoff International Holdings Limited. He is currently an independent consultant in corporate governance, risk, compliance and internal audit and joined the board of Unitrans Limited on 25 October 2001. He serves as the chairman of the audit and risk management committee.

Patrick (Pat) Keith Quarmby

Pat Quarmby qualified as a Chartered Accountant (SA) in 1979 with honours. He was a partner at Ernst & Young until moving overseas in 1987. During his nine years overseas he was employed in the Corporate Finance Department of Schroders in London, was one of the founding directors of Standard Bank in London and established Standard Bank's banking presence in Hong Kong. He returned in 1996, was appointed a director of Dimension Data Holdings Limited in 1996 and was responsible for the global expansion of the group. He is also currently the executive chairman of Datacraft Asia, an IT services company listed in Singapore. He was appointed to the board of Unitrans Limited on 13 December 1999.

Roger William Rees

BSc (Econ) Hons, FCA. Roger Rees was born in South Wales and studied economics, history and geography before obtaining a BSc in Economics with honours from the University of Hull in 1975.

After serving articles with Arthur Andersen in London, he was transferred to Johannesburg, where he held various responsibilities until 1988, when he joined the Premier Group as group financial manager and financial director of the Food division. In 1992 he was appointed group financial director of an international tobacco company based in the UK, with subsidiaries in Brazil, Zimbabwe, Italy, Malawi, Thailand and Eastern Europe.

In 1997 he returned to South Africa and became chief operating officer at Independent Newspapers and chairman of the Newspaper Printing Company.

In July 2000 he joined Murray & Roberts Holdings Limited and was appointed group financial director in August 2000 and since then he has played a leading role in the transformation of that group. He was appointed to the board of Unitrans Limited on 25 October 2001 and is also a member of the audit and risk management committee.

Daniel (Danie) Marée van der Merwe

Danie van der Merwe obtained degrees BCom and LLB from the University of Stellenbosch and was admitted as an attorney of the High Court of South Africa on 18 March 1986.

He practised as an attorney gaining experience in the commercial and labour law field and in 1990 joined the Roadway Transport Group. He was instrumental in the strategic direction and growth of this group. He also served as a director of the Road Freight Association.

At the beginning of 1998, on the merger of Roadway with the Steinhoff Africa Group, he joined Steinhoff Africa Holdings (Proprietary) Limited ("Steinhoff Africa"). When Steinhoff Africa obtained a controlling interest in Megacor Holdings Limited (listed at the time), he was appointed to its board.

On 6 December 1999 he was elected to the Steinhoff International Holdings Limited board and acts as group managing director for Steinhoff Africa. Pursuant to the subscription by Steinhoff Africa for shares in Unitrans Limited, he was appointed to the board of Unitrans Limited on 29 May 2000. On Steinhoff Africa's investment in PG Bison Holdings (Proprietary) Limited in 2002, he was appointed to its board.

He currently serves on the boards of Unitrans Limited (also as a member of the audit and risk management committee), Steinhoff International Holdings Limited and Freedom Group Limited (as an alternate director) and holds several appointments within the Steinhoff group with responsibility for the southern Africa and Pacific operations.



Form of proxy

(Registration number 1967/003403/06)
("the company")

For use at the annual general meeting of the company to be held on 5 December 2003 at 09:00.

I/We

of

being shareholder/s of the company and entitled to vote, do hereby appoint

or failing him, the chairman of the annual general meeting as my/our proxy to act for me/us at the annual general meeting of members of the company to be held at 263 Oxford Road, Illovo, on Friday, 5 December 2003 at 09:00 for the purpose of considering the business set out in the notice which this form of proxy accompanies and, in particular, to vote for me/us in respect of the following resolutions:

		(Insert X in the appropriate space)		
Voting instructions		For	Against	Abstain
1.	Resolution to adopt the annual financial statements for the year ended 30 June 2003			
2.	Directorate: The individual re-election of the following directors who retire by rotation in accordance with the company's articles of association: D Konar PK Quarmby RW Rees DM van der Merwe			
3.	Resolution to place 5 305 249 unissued shares under the control of the directors for purposes of the Unitrans Limited Share Scheme			
4.	Resolution to place the balance of the unissued shares under the control of the directors			
5.	Special resolution to grant the directors a general authority to repurchase shares in the company and to approve the purchase of shares in the company by any subsidiary of the company			
6.	Resolution to authorise the directors to issue ordinary shares for cash, other than by way of a rights offer			
7.	Directors' fees			
7.1	Resolution to ratify the fees paid to non-executive directors for the year ended 30 June 2003			
7.2	Resolution to approve the fees payable to non-executive directors for the six months ending 31 December 2003			
8.	Resolution to appoint Deloitte & Touche as auditors of the company			

Signed this

day of

2003

Signature

Number of shares



Notes to form of proxy

for the year ended 30 June 2003

Instructions on signing and lodging the annual general meeting form of proxy.

1. The following categories of shareholders are entitled to complete a form of proxy:
 - 1.1 Certified shareholders whose names appear on the company's register
 - 1.2 Own name electronic shareholders whose names appear on the subregister of a Central Securities Depository Participant ("CSDP")
 - 1.3 CSDPs with nominee accounts
 - 1.4 Brokers with nominee accounts
2. All beneficial owners who have dematerialised their shares through a CSDP or broker, other than those in "own name," must provide the CSDP or broker with their voting instruction. Alternatively, should such a shareholder wish to attend the meeting in person, in terms of the custody agreement with the CSDP or broker, such shareholder may request the CSDP or broker to provide the shareholder with a letter of representation.
3. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided, with or without deleting "the chairman of the annual general meeting," but any such deletion must be initialled by the shareholder. The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as a proxy to the exclusion of those whose names follow.
4. Please insert an "X" in the relevant spaces according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of ordinary shares than you own in the company, insert the number of ordinary shares in respect of which you desire to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the shareholder's votes exercisable thereat. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholder or by the proxy, but the total of votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the shareholder or by the proxy.
5. Forms of proxy must be received at the office of the company's transfer secretaries, Computershare Limited: Investor Services Division, 70 Marshall Street, Marshalltown, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by not later than 09:00 on Wednesday, 3 December 2003.
6. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
7. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company's transfer secretaries or waived by the chairman of the annual general meeting.
8. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
9. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries of the company.

Note:

The chairman of the annual general meeting may reject or accept a form of proxy which is completed and/or received other than in accordance with these notes if he is satisfied as to the manner in which the shareholder wishes to vote.



Shareholders' diary

Financial year-end

30 June

Reports and profit statements

Announcement of audited results 2002/2003	Published	26 August 2003
Annual financial statements 2002/2003	Published	November 2003
Interim report 2003/2004	To be published	February 2004

Annual general meeting

5 December 2003

Dividends

Final dividend 2002/2003	Declared	26 August 2003
	Last date to register	3 October 2003
	Paid	6 October 2003



Administration

UNITRANS LIMITED

(Registration number 1967/003403/06)

SECRETARY

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**Appointed sponsor on 22 October 2003:
previous sponsor was Gensec Bank Limited.*

WEBSITE

www.unitrans.co.za



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