

**Report**

*for the half-year ended 31 December 1999*

**Base Metals**

**Ferrous Metals**

**Gold**

ANGLOVAAL MINING

**AMMIN**

**ANGLOVAAL MINING LIMITED**



*Toll refining is continuing at Chambishi Metals, while construction of an upgraded refinery and a new smelter is 50 per cent completed.*

## contents

	<i>page</i>
Highlights	1
Commentary	2
Review of operations	3
Group income statement	6
Group balance sheet	7
Group cash flow statement	8
Statement of changes in equity	9
Notes to the financial statements	9
Introduction to US\$ reporting	12
US\$ Income statement	13
US\$ Balance sheet	14
US\$ Cash flow statement	15
US\$ Statement of changes in equity	16



(“Avmin” or “the Company”)  
 (Incorporated in the Republic of South Africa)  
 Registration number 1933/004580/06

*Following the disposal of the Group's diamond interests, Anglovaal Mining will be a company focused exclusively on ferrous metals, base metals and gold.*

## Highlights

- *Agreement signed by Avmin in February 2000 to sell its diamond interests to De Beers for R3,72 billion cash*
- *Weak demand for ferrous metals, Avgold's loss and a lower diamond royalty reduces headline earnings to R97 million from R110 million*
- *Assmang's new chrome and manganese projects are underway*
- *Chambishi Metals' cobalt and copper refinery expansion and construction of smelter on schedule for commissioning to start in October 2000*
- *Avgold's Target mine development on track*

# Commentary

## Review for the half-year ended 31 December 1999

Generally lower commodity prices, a stronger than anticipated South African rand and a significantly reduced diamond royalty payment all resulted in Anglovaal Mining Limited's (Avmin) headline earnings for the half-year ended 31 December 1999 declining to R97 million (31 December 1998: R110 million – restated). Headline earnings per share amounted to 91 cents (121 cents per share – restated).

## Basis of preparation

The financial information for the half-year ended 31 December 1998 has been reclassified to bring reporting into line with the disclosure presented for the current period and Avmin's most recent financial year-end. In addition, the information for the previous half-year has been adjusted to take into account a change in accounting policy in respect of provisions for the overhauling of furnaces and ancillary equipment. The effect of this change is to increase retained income at 31 December 1998 by R12 million.

## Exceptional items

Exceptional items relate to investments and insurance commissions.

## Sale of diamond interests

Shareholders' attention is drawn to an announcement published on 4 February 2000, in which the Board of Directors of Avmin announced that agreement had

been reached which, subject to the fulfilment of certain conditions precedent, will give effect to:

- the sale to De Beers Consolidated Mines Limited (De Beers) of Avmin's 87,5 per cent interest in The Partnership Saturn (Saturn) for a cash consideration of R3,7 billion. Over and above this cash consideration, Avmin will receive its 87,5 per cent share (R258,2 million) of the royalty accruing to it from Saturn for the half-year ended 31 December 1999;
- the sale to De Beers of Avmin's 20 per cent interest in Finsch Diamonds (Proprietary) Limited (which effectively equates to an 8 per cent profit participation in the Finsch mine) for a cash consideration of R20 million; and
- the conditional placement by De Beers of its 23 378 955 ordinary shares in Avmin to portfolio investors who are not in any way related to the parties to the disposal, involved in mining or concert parties to the current controlling shareholders of Avmin.

The total disposal consideration of R3,72 billion will be payable into an interest-bearing escrow account on 31 March 2000. The full proceeds of the escrow account will be released to Avmin upon the successful closure of the transaction.

The closure of the transaction is subject to the following material suspensive conditions precedent:

- consent by Industrial and Commercial Holdings Group Limited required in terms of the partnership agreements;
- approval by the Board of De Beers;
- approval by the shareholders of Avmin;
- unconditional approval by the Competition Authorities; and
- approval of the transaction and shareholder documentation by the Johannesburg Stock Exchange and Securities Regulation Panel.

The Board will seek independent professional advice as to whether the disposal is fair and reasonable to Avmin shareholders.

The Board is considering a number of options (including a significant distribution to the Company's shareholders) regarding the optimal utilisation of the proceeds of the disposal. The outcome of this process will be communicated to shareholders as soon as practicable. A further announcement regarding the salient dates of the transaction, including the date of posting of shareholder documentation, will be made in due course.

## Review of operations

### DIAMONDS

Avmin's diamond investment, Saturn, which receives 50 per cent of the profits of Venetia diamond mine, operated by De Beers, contributed R81 million (R144 million) for the six months ended 31 December 1999. This payment was received by the Company in August 1999 and was for Venetia's half-year to 30 June 1999.

The royalty received during the half-year took into account the delays in the delivery of certain goods from De Beers' South African mines following a dispute between De Beers and the South African Government diamond valuator over valuation. De Beers had informed Avmin that the August royalty payment to Saturn would be materially adversely affected, which led Avmin to caution shareholders on earnings for the half-year ended 31 December 1999. It was expected, as indicated by De Beers, that any shortfall in the royalty paid in the first half would be recouped in the second half of the year. De Beers has now informed the Company that Avmin's share of the second half royalty payment would amount to R258,2 million.

### FERROUS METALS

The results for 50,3 per cent held, The Associated Manganese Mines of South Africa Limited (Assmang) for the half-year reflected a decrease in earnings to R36 million (R129 million – restated). The lower earnings arose mainly as a result of reduced manganese ore sales volumes and significantly lower US dollar prices driven by the continued downturn in the international steel industry.

Total manganese ore sales decreased by 24 per cent to 567 000 tons and sales of iron ore increased by 10 per cent to 1 959 000 tons.

The results of Assmang's alloy operations, Feralloys Limited (Feralloys), reflected a loss for the period under review of R9 million (R41 million – profit – restated). Sales of high carbon ferromanganese totalled 74 000 tons (88 000 tons) and sales volumes of ferrochrome were slightly lower at 49 000 tons (52 000 tons).

Work is advanced to establish an open-cast chrome mine and beneficiation plant on the Dwarsrivier property in Mpumalanga. It is planned that from October 2000 this mine will supply metallurgical grade ores to Feralloys, where the upgrading of furnaces to increase ferrochrome production capacity from 150 000 tons to 175 000 tons a year is in progress. The capital cost for the mine establishment, beneficiation plant and furnace upgrades is estimated at R190 million.

Work has also commenced on the development of a new shaft system at the Nchwaning manganese mine where expenditure of approximately R500 million is anticipated over the next three years. The ore reserves to be accessed by this shaft system will replace those of the existing Nchwaning shaft area where reserves will be depleted during the next four to five years. At the iron ore mine, construction of a R90 million jig plant to upgrade the quality of mined ore has been approved and work will commence during the next two months.

## BASE METALS

The Nkomati mine, Avmin's 75 per cent held nickel, copper, cobalt and platinum group metals (PGM) producer, completed a successful half-year with a 15 139 tons increase in ore milled to 107 680 tons, which produced a total concentrate of 17 999 tons (21 494 tons). The average grades were 10,84 per cent nickel, 5,92 per cent copper and 0,57 per cent cobalt. This all led to the production of 1 951 tons (1 848 tons) of nickel, 1 066 tons (684 tons) of copper and 102 tons (109 tons) of cobalt with significant PGM credits.

Revenue for the half-year rose to R113 million (R62 million) and the total on mine cost of sales amounted to R60 million (R55 million). The mine's benchmark direct cost to produce nickel was US\$0,77/lb, net of by-product credits. Nkomati's operating profit (before research and development costs) increased to R53 million (R7 million), which after other income (mainly interest received) and expenses, resulted in a net profit of R32 million (R2 million).

Work is also nearing completion on a detailed feasibility study to assess the potential of an expansion of mining operations at Nkomati to include portions of the large, lower-grade reserve base. It is expected that this final feasibility study will be completed in the next few months.

The US\$100 million upgrading of the Chambishi Metals plc (Chambishi) refinery and the construction of a new smelter is well advanced with the project nearly 50 per cent completed. The commissioning of the new facilities is expected to start during October 2000 at which stage Chambishi will start treating high-grade material from its slag dumps. These

dumps contain a resource of 20 million tons containing 0,76 per cent cobalt and 1,06 per cent copper. During the period under review, the Company accepted a seven-year US\$70 million export credit finance facility for this project.

Chambishi's toll refining business treated 33 052 tons of concentrates during the half-year, which was lower than had been planned primarily as a result of difficulties in the supply of pyrite to Chambishi's plant. In addition to this, there was also a low availability of high-grade concentrates from two of Chambishi's key customers and the plant shutdown for the month of July 1999 for upgrading and maintenance. Chambishi refined 976 tons of cobalt, 3 580 tons of copper and 25 233 tons of sulphuric acid during the period. Revenue for the period amounted to R93 million and Chambishi's operating profit was R1 million.

During the latter part of the period under review, Chambishi embarked on a strategy to secure additional supply from other Central African Copperbelt operators, which, at this early stage, has met with positive responses and deliveries of feed material.

## GOLD

The effective date of sale of Hartebeestfontein mine (Harties) was 16 August 1999. Avgold Limited's (Avgold) results for the half-year ended 31 December 1999 include Harties' results up to this date. The results for the period following the effective date reflect the operations of Avgold's ETC mines and the downsized head office. Comparisons with prior periods are thus distorted. As at 31 December 1999, Avgold, held 60,2 per cent by Avmin, sold 3 527 kg of gold with an additional 317 kg mined at Target. The average gold sales price achieved was R60 787/kg or US\$310/oz, compared to a spot price of R53 957/kg, and cash costs amounted to R58 101/kg or US\$296/oz. Avgold incurred an operating loss of R26 million which, after investment income and profit on the sale of Harties, resulted in a net loss of R18 million. Capital expenditure totalled R209 million (R182 million).

With the sale of Harties for R45 million and the R251 million received from the necessary closure of the hedge book relating to Harties' gold production, Avgold has remained cash positive. The remaining funds required for the development of Target will be raised within the next six months at a level lower than would have been necessary before the sale of Harties. A standby loan facility of R200 million has been provided by Avmin.

The Target mine's underground exploration drilling programme continued during the period with a total 3 923 metres of drilling completed from the end of the exploration declines. The results from this programme continue to confirm both the resources and the structure to the north of the declines, as anticipated in the original model. Widths and values are consistent with those obtained in other sections of the Eldorado Fan.

The development of underground infrastructure to support eventual stoping operations has progressed well with 4 064 metres completed over the six-month period. Target produced 230 kg of gold from development as well as limited drift and pillar stoping. The 50 level decline, that will link the main surface shaft to the project area, is on schedule and should connect in June 2000. Clean up gold recovered from the Loraine plant, which is being demolished, totalled 87 kg. Target, which remains in a development phase with all costs and revenue being capitalised, spent R193 million on capital expenditure net of the 317 kg gold sales proceeds.

Avgold is continuing its exploration programme in the Northern Free State area and results obtained during the period confirm the good values and considerable widths contained in the Dreyerskuil reef zone. Certain deflections have also confirmed the presence of a well-developed Ventersdorp Contact Reef (VCR) in the area.

## Prospects for the remainder of the year

It is anticipated that the results for the current half-year to 30 June 2000 will be significantly better than those reported for the period under review, as there are indications that prices for all products are showing improvement. Linked to this, is a weaker South African rand, which should benefit the Assmang and Nkomati operations. In addition, the interest earned on the cash received from the sale of the Company's diamond interests will have a positive impact on earnings to 30 June 2000.

For and on behalf of the Board

**Kennedy Maxwell**

*Chairman*

**Rick Menell**

*Deputy Chairman and CEO*

Johannesburg  
29 February 2000

### **DIRECTORS**

K W Maxwell (*Chairman*), R P Menell (*Deputy Chairman and Chief Executive Officer*), D E Jowell, Dr T V Maphai, J R McAlpine, B M Menell, Dr M Z Nkosi.

### **MANAGEMENT BOARD**

R P Menell (*CEO*), D D de Beer (*Finance*), J J Geldenhuys and D N Murray (*Gold*), G J Robbertze (*Base Metals*), J C Steenkamp (*Ferrous Metals*).

### **COMPANY SECRETARY**

S E Sather

# Group income statement

	Unaudited Half-year ended 31 December		Audited Year ended 30 June
	1999	1998 Restated	1999
	Rm	Rm	Rm
<b>Revenue</b>	1 263	1 228	2 489
Cost of sales	1 011	799	1 673
<b>Gross profit</b>	252	429	816
Other operating income	45	58	126
Other operating expenses	143	160	296
<b>Profit from operations</b>	154	327	646
Income from investments	28	14	54
Finance costs	33	71	125
<b>Profit before exceptional items</b>	149	270	575
Exceptional items	(26)	169	208
<b>Profit before taxation</b>	123	439	783
Taxation	36	104	147
<b>Profit after taxation</b>	87	335	636
Income from associates	-	6	4
<b>Net profit</b>	87	341	640
Minority interest	11	62	118
<b>Earnings</b>	76	279	522
<b>Headline earnings</b>	97	110	290
Earnings per share (cents)	72	307	562
Headline earnings per share (cents)	91	121	312
Fully diluted earnings per share (cents)	70	305	557
Fully diluted headline earnings per share (cents)	89	120	309
Dividends per share (cents)	-	-	70
Number of shares in issue at end of period (thousands)	107 399	90 912	106 200
Weighted average number of shares in issue (thousands)	106 284	90 912	92 894
Weighted average number of shares used in calculating fully diluted earnings per share (thousands)	108 391	91 559	93 796

# Group balance sheet

	Unaudited at 31 December		Audited at 30 June
	1999	1998 Restated	1999
	Rm	Rm	Rm
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed and intangible assets	3 073	1 466	3 058
Loans and long-term receivables	2	–	–
Investments	53	792	16
	<b>3 128</b>	<b>2 258</b>	<b>3 074</b>
<b>Current assets</b>			
Inventories	592	593	672
Trade and other receivables	673	448	665
Taxation	5	–	5
Deposits and cash	219	88	436
	<b>1 489</b>	<b>1 129</b>	<b>1 778</b>
<b>Total assets</b>	<b>4 617</b>	<b>3 387</b>	<b>4 852</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Ordinary share capital	5	5	5
Preference share capital	4	3	4
Share premium	1 743	1 551	1 692
Reserves	330	(120)	300
<b>Shareholders' interest in capital and reserves</b>	<b>2 082</b>	<b>1 439</b>	<b>2 001</b>
Minority interest	1 125	425	1 124
<b>Total shareholders' interest</b>	<b>3 207</b>	<b>1 864</b>	<b>3 125</b>
<b>Non-current liabilities</b>			
Long-term borrowings – interest bearing	379	418	389
– non-interest bearing	6	–	–
Deferred taxation	167	145	142
Long-term provisions	119	40	187
	<b>671</b>	<b>603</b>	<b>718</b>
<b>Current liabilities</b>			
Trade and other payables and provisions	489	330	592
Taxation	24	72	58
Shareholders for dividends	–	–	18
Overdrafts and short-term borrowings – interest bearing	226	518	341
	<b>739</b>	<b>920</b>	<b>1 009</b>
<b>Total equity and liabilities</b>	<b>4 617</b>	<b>3 387</b>	<b>4 852</b>

# Group cash flow statement

	Unaudited Half-year ended 31 December 1999	1998 Restated Rm	Audited Year ended 30 June 1999 Rm
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers	1 208	1 250	2 430
Cash paid to suppliers and employees	1 053	993	1 962
Cash generated from operations	155	257	468
Utilised against provisions	(21)	–	(8)
Interest received	27	9	43
Interest paid	(33)	(71)	(125)
Dividends received	1	5	11
Dividends paid	(36)	(175)	(139)
Taxation paid	(47)	(71)	(143)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>46</b>	<b>(46)</b>	<b>107</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net investment in fixed assets	(398)	(621)	(729)
Net investments disposed	237	338	693
<b>Net cash outflow from investing activities</b>	<b>(161)</b>	<b>(283)</b>	<b>(36)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Increase in shareholder funding	7	34	200
Long-term borrowings raised	2	325	317
Long-term borrowings repaid	(3)	(1)	–
Decrease in short-term borrowings	(106)	(103)	(309)
(Increase)/decrease in loans and long-term receivables	(2)	95	90
<b>Net cash (outflow)/inflow from financing activities</b>	<b>(102)</b>	<b>350</b>	<b>298</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(217)</b>	<b>21</b>	<b>369</b>
Cash and cash equivalents at beginning of the period	436	1 207	1 207
Cash and cash equivalents not available due to unbundling of Anglovaal Industries Limited	–	(1 140)	(1 140)
<b>Cash and cash equivalents at end of the period</b>	<b>219</b>	<b>88</b>	<b>436</b>
Cash generated from operations per share (cents)	146	283	504

# Statement of changes in equity

Half-year ended 31 December 1999 (Rm)	Share capital and premium	Reval- uation surplus	Foreign currency translation reserve	Share election reserve	Other	Retained income	Total
Balance at 30 June 1999	1 701	6	(2)	56	38	202	2 001
Share issues net of expenses	2	-	-	-	-	-	2
Capitalisation award	49	-	-	(49)	-	-	-
Foreign currency translation reserve	-	-	2	-	-	-	2
Earnings	-	-	-	-	-	76	76
Other movements	-	-	-	(7)	9	(1)	1
Balance at 31 December 1999	1 752	6	-	-	47	277	2 082

## Half-year ended

### 31 December 1998 (Rm)

Balance at 30 June 1998	1 176	212	1	-	579	1 847	3 815
Change in accounting policies	-	-	-	-	-	11	11
Share issues net of expenses	383	-	-	-	-	-	383
Dividend in specie	-	(193)	-	-	(510)	(2 322)	(3 025)
Earnings	-	-	-	-	-	279	279
Other movements	-	-	-	-	(174)	150	(24)
Balance at 31 December 1998	1 559	19	1	-	(105)	(35)	1 439

## Notes to the financial statements

### 1. Basis of preparation

The financial information for the half-year ended 31 December 1999 has been prepared adopting the same accounting policies as were used in the most recent annual financial statements. The interim financial report has been prepared in compliance with the statement of Generally Accepted Accounting Practice, AC127 – Interim Financial Reporting.

Certain amounts reported in respect of the previous interim have been reclassified to bring reporting for that period into line with the disclosure presented for the current period and the most recent financial year-end.

The 1998 and 1999 income statements and balance sheets are not fully comparable in that Avgold, which was accounted for as an associate in 1998, was consolidated in 1999 after the percentage holding by Avmin increased from 45% to 60%.

# Notes to the financial statements

## 2. Change in accounting policies

The financial information for the half-year ended 31 December 1998 has been adjusted to take into account a change in accounting policy in respect of provisions for the overhauling of furnaces and ancillary equipment, which was effected in the most recent financial statements. The effect of the change is to increase retained income at 31 December 1998 by R12 million.

## 3. Investments

	Unaudited Half-year ended 31 December 1999 Rm	Audited Year ended 30 June 1999 Rm
Listed	43	6
Unlisted	10	10
Total carrying amount of investments	53	16
Market value of listed investments	151	73

## 4. Commitments and contingent liabilities

Commitments in respect of capital expenditure:

Approved by directors

– contracted for

– not contracted for

1 247	263
318	241

Other commitments

1 565	504
7	184

Total commitments

Contingent liabilities

1 572	688
-	5

Total commitments and contingent liabilities

1 572	693
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## 5. Exceptional items

Exceptional items relate to investments and insurance commissions.

# Notes to the financial statements

Half-year ended 31 December 1999 (Rm)	Gold	Base metals	Ferrous metals	Diamonds	Explo- ration	Other	Total
<b>6. SEGMENTAL INFORMATION</b>							
Revenue (external sales)	218	177	651	81	-	136	<b>1 263</b>
<b>Result</b>	(26)	29	89	81	(8)	(11)	<b>154</b>
Unallocated corporate expenses	8	6	(9)	-	-	(5)	-
Operating profit	(18)	35	80	81	(8)	(16)	<b>154</b>
Income from investments (note 1)	3	1	-	-	-	36	<b>40</b>
Finance cost (note 1)	-	(1)	(19)	-	-	(25)	<b>(45)</b>
Taxation	-	(11)	(25)	-	-	-	<b>(36)</b>
Exceptional items	5	-	-	-	-	(31)	<b>(26)</b>
Minority interest	7	-	(18)	-	-	-	<b>(11)</b>
<b>Contribution to earnings</b>	<b>(3)</b>	<b>24</b>	<b>18</b>	<b>81</b>	<b>(8)</b>	<b>(36)</b>	<b>76</b>
<b>Contribution to headline earnings</b>	<b>(5)</b>	<b>24</b>	<b>18</b>	<b>81</b>	<b>(8)</b>	<b>(13)</b>	<b>97</b>

**Note 1:** For the purposes of the segment report, interest received and paid are reflected before the effects of intergroup eliminations.

# Introduction to US\$ reporting

For the benefit of international investors, the income statement, balance sheet, cash flow statement and statement of changes in equity of the Group, presented in rands and set out on pages 6 to 9, have been translated into United States dollars and are presented on pages 13 to 16.

The balance sheet is translated at the rate of exchange ruling at the close of business at the end of the period, and the income statement and cash flow statement are translated at the average exchange rates for the periods reported.

	Unaudited Half-year ended 31 December		Audited Year ended 30 June
	1999 R/US\$	1998 R/US\$	1999 R/US\$
The exchange rates were as follows:			
Balance sheet	6,15	5,85	6,03
Income statement and cash flow statement	6,11	6,01	6,06

# US\$ income statement

	Unaudited Half-year ended 31 December 1999	1998 Restated US\$m	Audited Year ended 30 June 1999 US\$m
<b>Revenue</b>	<b>207</b>	204	411
Cost of sales	<b>165</b>	133	276
<b>Gross profit</b>	<b>42</b>	71	135
Other operating income	7	10	21
Other operating expenses	<b>23</b>	27	49
<b>Profit from operations</b>	<b>26</b>	54	107
Income from Investments	5	2	9
Finance costs	5	12	21
<b>Profit before exceptional items</b>	<b>26</b>	44	95
Exceptional items	<b>(4)</b>	28	34
<b>Profit before taxation</b>	<b>22</b>	72	129
Taxation	<b>6</b>	17	24
<b>Profit after taxation</b>	<b>16</b>	55	105
Income from associates	-	1	1
<b>Net profit</b>	<b>16</b>	56	106
Minority interest	2	10	20
<b>Earnings</b>	<b>14</b>	46	86
<b>Headline earnings</b>	<b>16</b>	18	48
Earnings per share (cents)	<b>13</b>	51	93
Headline earnings per share (cents)	<b>15</b>	20	52
Fully diluted earnings per share (cents)	<b>13</b>	51	92
Fully diluted headline earnings per share (cents)	<b>15</b>	20	51
Dividends per share (cents)	-	-	11
Number of shares in issue at end of period (thousands)	<b>107 399</b>	90 912	106 200
Weighted average number of shares in issue (thousands)	<b>106 284</b>	90 912	92 894
Weighted average number of shares used in calculating fully diluted earnings per share (thousands)	<b>108 391</b>	91 559	93 796

# US\$ balance sheet

	Unaudited Half-year ended 31 December		Audited Year ended 30 June
	1999	1998 Restated	1999
	US\$m	US\$m	US\$m
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed and intangible assets	500	251	507
Investments	9	135	3
	<b>509</b>	<b>386</b>	<b>510</b>
<b>Current assets</b>			
Inventories	96	101	112
Trade and other receivables	109	77	110
Taxation	1	–	1
Deposits and cash	36	15	72
	<b>242</b>	<b>193</b>	<b>295</b>
<b>Total assets</b>	<b>751</b>	<b>579</b>	<b>805</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Ordinary share capital	1	1	1
Preference share capital	1	1	1
Share premium	283	265	281
Reserves	53	(21)	49
<b>Shareholders' interest in capital and reserves</b>	<b>338</b>	<b>246</b>	<b>332</b>
Minority interest	183	73	186
<b>Total shareholders' interest</b>	<b>521</b>	<b>319</b>	<b>518</b>
<b>Non-current liabilities</b>			
Long-term borrowings – interest bearing	62	71	65
– non-interest bearing	1	–	–
Deferred taxation	27	25	24
Long-term provisions	19	7	31
	<b>109</b>	<b>103</b>	<b>120</b>
<b>Current liabilities</b>			
Trade and other payables and provisions	80	56	98
Taxation	4	12	10
Shareholders for dividends	–	–	3
Overdrafts and short-term borrowings – interest bearing	37	89	56
	<b>121</b>	<b>157</b>	<b>167</b>
<b>Total equity and liabilities</b>	<b>751</b>	<b>579</b>	<b>805</b>

# US\$ cash flow statement

	Unaudited Half-year ended 31 December 1999 US\$m	1998 Restated US\$m	Audited Year ended 30 June 1999 US\$m
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers	198	208	401
Cash paid to suppliers and employees	172	165	324
Cash generated from operations	26	43	77
Translation adjustment	(3)	-	1
Utilised against provisions	(3)	-	(1)
Interest received	5	1	7
Interest paid	(5)	(12)	(21)
Dividends received	-	1	2
Dividends paid	(6)	(29)	(23)
Taxation paid	(8)	(12)	(24)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>6</b>	<b>(8)</b>	<b>18</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net investment in fixed assets	(65)	(103)	(120)
Net investments disposed	39	56	114
<b>Net cash outflow from investing activities</b>	<b>(26)</b>	<b>(47)</b>	<b>(6)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Increase in shareholder funding	1	6	33
Long-term borrowings raised	-	54	52
Decrease in short-term borrowings	(17)	(17)	(51)
Decrease in loans and long-term receivables	-	16	15
<b>Net cash (outflow)/inflow from financing activities</b>	<b>(16)</b>	<b>59</b>	<b>49</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(36)</b>	<b>4</b>	<b>61</b>
Cash and cash equivalents at beginning of the period	72	205	205
Cash and cash equivalents not available due to unbundling of Anglovaal Industries Limited	-	(194)	(194)
<b>Cash and cash equivalents at end of the period</b>	<b>36</b>	<b>15</b>	<b>72</b>
Cash generated from operations per share (cents)	24	47	83

## US\$ statement of changes in equity

Half-year ended 31 December 1999 (US\$m)	Share capital and premium	Reval- uation surplus	Share election reserve	Other	Retained income	Total
Balance at 30 June 1999	283	1	9	6	33	332
Capitalisation award	8	-	(8)	-	-	-
Earnings	-	-	-	-	14	14
Translation adjustment	(6)	-	-	1	(3)	(8)
Other movements	-	-	(1)	1	-	-
Balance at 31 December 1999	285	1	-	8	44	338
<b>Half-year ended 31 December 1998 (US\$m)</b>						
Balance at 30 June 1998	200	36	-	99	314	649
Change in accounting policies	-	-	-	-	1	1
Share issues net of expenses	65	-	-	-	-	65
Dividend in specie	-	(33)	-	(87)	(395)	(515)
Earnings	-	-	-	-	46	46
Translation adjustment	2	-	-	-	2	4
Other movements	-	-	-	(30)	26	(4)
Balance at 31 December 1998	267	3	-	(18)	(6)	246



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