ANGLOVAAL MINING

AVMIN

overview

- Headline earnings* down 27% to R77 million
- Net cash flow from operating activities up 464% to R237 million following the disposal of Chambishi
- Nkomati, now 100% owned, delivers strong operational performance
- Net gearing reduced to 11%
- US$ borrowings fully repaid by 31 August 2003

*before unrealised non-hedge derivatives

unaudited group interim results for the half-year ended 31 December 2003

balance sheet

Audited Year ended 30 June 2003 Rm		Unaudited Half-year ended 31 December 2003 Rm	Unaudited Half-year ended 31 December 2002 Rm	% change
	ASSETS			
	Non-current assets			
4 786	Tangible assets	**4 857**	5 627	
6	Intangible assets	**6**	7	
12	Deferred tax assets	**10**	38	
45	Environmental rehabilitation trust funds	**45**	64	
215	Investments	**167**	215	
5 064		**5 085**	5 951	(15)
	Current assets			
896	Inventories	**1 030**	1 148	
936	Trade and other receivables	**831**	986	
–	Taxation	**21**	–	
265	Deposits and cash	**219**	905	
2 097		**2 101**	3 039	(31)
7 161	**Total assets**	**7 186**	8 990	(20)
	EQUITY AND LIABILITIES			
	Capital and reserves			
6	Ordinary share capital	**6**	6	
79	Share premium	**122**	69	
218	Reserves	**171**	184	
2 208	Retained earnings	**2 207**	2 531	
2 511	**Shareholders' interest in capital and reserves**	**2 506**	2 790	
2 451	Minority interest	**2 402**	2 134	
4 962	**Total shareholders' interest**	**4 908**	4 924	–
	Non-current liabilities			
–	Long-term borrowings	**–**	1 367	
519	Deferred tax liabilities	**542**	524	
153	Long-term provisions	**156**	219	
103	Non-hedge derivatives	**286**	–	
775		**984**	2 110	53
	Current liabilities			
521	Trade and other payables	**468**	523	
39	Provisions	**40**	60	
42	Taxation	**42**	68	
–	Derivative instruments	**–**	3	
822	Overdrafts and short-term borrowings	**744**	1 302	
1 424		**1 294**	1 956	34
7 161	**Total equity and liabilities**	**7 186**	8 990	20

income statement

4 896	**Revenue**	**2 004**	2 340	(14)
(3 882)	Cost of sales	**(1 681)**	(1 828)	8
1 014	**Gross profit**	**323**	512	(37)
424	Other operating income	**23**	234	
(814)	Other operating expenses	**(167)**	(354)	
624		**179**	392	(54)
(103)	Unrealised loss on non-hedge derivatives	**(184)**	–	
521	**(Loss)/Profit from operations**	**(5)**	392	(101)
83	Income from investments	**12**	47	
(180)	Finance costs	**(38)**	(113)	
424	**(Loss)/Profit before taxation and exceptional items**	**(31)**	326	(110)
(388)	Exceptional items	**4**	13	
(649)	– Loss on disposal of discontinued operations	–	–	
261	– Other exceptional items	4	13	
36	**(Loss)/Profit before taxation**	**(27)**	339	(108)
(147)	Taxation	**(49)**	(128)	
(111)	**(Loss)/Profit after tax**	**(76)**	211	(136)
(80)	Minority interest	**75**	(93)	
(191)	**(Loss)/Earnings**	**(1)**	118	(101)
	Additional information:			
241	**Headline earnings before unrealised non-hedge derivatives**	**77**	105	(27)
215	**Headline earnings per share before unrealised non-hedge derivatives (cents)**	**67**	93	(28)
197	Headline (loss)/earnings	**(1)**	105	(100)
176	Headline (loss)/earnings per share (cents)	**(1)**	93	(101)
(170)	Basic attributable (loss)/earnings per share (cents)	**(1)**	106	(100)
(169)	Fully diluted attributable (loss)/earnings per share (cents)	**(1)**	104	(100)
112 602	Number of shares in issue at end of year (thousands)	**114 128**	112 225	
112 046	Weighted average number of shares in issue (thousands)	**113 713**	111 783	2
2 511	Shareholders interest	**2 506**	2 790	(10)
2 230	Net asset value per share (cents)	**2 196**	2 486	(12)

statement of changes in equity

Total	Rm	Share capital and premium	Foreign currency translation	Revaluation surplus	Other	Retained earnings
	Half-year ended 31 December 2003					
2 511	**Balance at 30 June 2003**	85	–	181	37	2 208
(47)	Revaluation of listed investments	–	–	(47)	–	–
(1)	Loss	–	–	–	–	(1)
43	Share options exercised	43	–	–	–	–
2 506	**Balance at 31 December 2003**	128	–	134	37	2 207
	Half-year ended 31 December 2002					
2 579	**Balance at 30 June 2002**	68	(42)	141	11	2 401
118	Earnings	–	–	–	–	118
32	Foreign currency translation reserve	–	32	–	–	–
40	Revaluation of listed investments	–	–	40	–	–
7	Share options exercised	7	–	–	–	–
(10)	Allocation to minority shareholders	–	(24)	–	–	14
24	Unrealised gain on currency derivative contracts	–	–	–	24	–
–	Other	–	–	–	2	(2)
2 790	**Balance at 31 December 2002**	75	(34)	181	37	2 531
	Year ended 30 June 2003					
2 579	**Balance at 30 June 2002**	68	(42)	141	11	2 401
(191)	Loss	–	–	–	–	(191)
39	Revaluation of listed investments	–	–	39	–	–
24	Translation of foreign subsidiary	–	24	–	–	–
18	Realisation of reserve on disposal of Chambishi	–	18	–	–	–
26	Reversal of derivative instruments	–	–	–	26	–
17	Share options exercised	17	–	–	–	–
–	Transfer to insurance contingency reserve	–	–	–	2	(2)
(1)	Other	–	–	1	(2)	–
2 511	**Balance at 30 June 2003**	85	–	181	37	2 208

cash flow statement

Audited Year ended 30 June 2003 Rm		Unaudited Half-year ended 31 December 2003 Rm	Unaudited Half-year ended 31 December 2002 Rm	% change
	CASH FLOW FROM OPERATING ACTIVITIES			
5 009	Cash receipts from customers	**2 128**	2 399	
(4 160)	Cash paid to suppliers and employees	**(1 812)**	(2 201)	
849	Cash generated from operations	**316**	198	60
80	Interest received	**12**	46	
(180)	Interest paid	**(38)**	(113)	
3	Dividends received	**–**	1	
(21)	Dividends paid	**(9)**	(12)	
(101)	Taxation paid	**(44)**	(78)	
630	**Net cash inflow from operating activities**	**237**	42	464
	CASH FLOW FROM INVESTING ACTIVITIES			
(420)	Additions to fixed assets to maintain operations	**(250)**	(199)	
(132)	Additions to fixed assets to expand operations	**(49)**	(58)	
(67)	Net cash effect on sale of Chambishi	**–**	–	
252	Net proceeds from sale of ETC mine	**–**	–	
8	Proceeds on disposal of fixed assets	**13**		
–	Proceeds on disposal of investments	**–**	13	
564	Proceeds on dilution of interest in investment in subsidiaries	**–**	–	
205	**Net cash (outflow)/inflow from investing activities**	**(286)**	(244)	(17)
	CASH FLOW FROM FINANCING ACTIVITIES			
17	Increase in shareholder funding	**43**	7	514
11	Funding received from minority shareholders	**37**	8	362
–	Long-term borrowings raised		348	
(901)	Long-term borrowings repaid		(62)	
(476)	(Decrease)/Increase in short-term borrowings	**(77)**	27	(385)
(1 349)	**Net cash inflow/(outflow) from financing activities**	**3**	328	(99)
(514)	**Net (decrease)/increase in cash and cash equivalents**	**(46)**	126	
779	Cash and cash equivalents at beginning of period	**265**	779	
265	**Cash and cash equivalents at end of period**	**219**	905	(76)
758	Cash generated from operations: per share (cents)	**278**	177	57

notes to financial statements

	HEADLINE EARNINGS		
(191)	(Loss)/Earnings per income statement	**(1)**	118
–	– Surplus on disposal of mine properties – ETC mine	**(4)**	–
(261)	– Surplus on disposal of investments and mineral rights		(13)
649	– Loss on sale of Chambishi		
197		**(5)**	105
4	– Taxation	**4**	–
(4)	– Minority interest	**–**	–
197	Headline earnings/(loss)	**(1)**	105
103	Add non-hedge derivatives	**184**	–
(59)	Less minority interest	**(106)**	–
241	**Headline earning before unrealised non-hedge derivatives**	**77**	105
	EXCEPTIONAL ITEMS		
–	Surplus on disposal of mine properties – ETC mine	**4**	–
241	Surplus on disposal of Avgold Limited shares	**–**	–
20	Surplus on disposal – other	**–**	13
(649)	Loss on sale of Chambishi	**–**	–
(388)	Exceptional items per income statement	**4**	13
4	Taxation	**(4)**	
(4)	Minority interest	**–**	
(388)	Net exceptional items	**–**	13

basis of preparation and accounting policies

The financial information for the half-year ended 31 December 2003 has been prepared adopting the same accounting policies used in the most recent annual financial statements which are in accordance with South African Statements of Generally Accepted Accounting Practice and International Financial Reporting Standards. The accounting policies are consistent with the year ended 30 June 2003.

These condensed financial statements are prepared in accordance with AC 127 – interim reporting, and are prepared on the historical cost basis as adjusted for financial instruments and investment properties. These are accounted for on the fair value, or amortised cost basis.

primary segmental information

Total	Rm	Precious metals	Ferrous metals	Nickel	Corporate and other
	Half-year ended 31 December 2003				
	Revenue				
2 004	External revenue	447	1 333	224	–
(1 681)	Cost of sales	(385)	(1 195)	(101)	–
(1)	**Contribution to earnings**	(58)	34	77	(54)
(1)	**Contribution to headline earnings**	**(58)**	**34**	**77**	**(54)**
77	**Contribution to headline earnings before unrealised non-hedge derivatives**	**20**	**34**	**77**	**(54)**
7 186	Consolidated total assets	2 644	3 867	250	425
2 278	Consolidated total liabilities	423	1 592	54	209
299	Capital expenditure	86	208	5	–
216	Amortisation and depreciation	127	81	8	–

commentary

strategic transformation update

Following a review of the strategic direction and future structure of Avmin, an announcement was made on 13 November 2003 which will result in the creation of the largest black controlled mining company in South Africa after a series of transactions between Avmin, African Rainbow Minerals & Exploration Investments (Proprietary) Limited and Harmony Gold Mining Company Limited ("Harmony").

On 23 March 2004 a circular containing details of the transactions and revised listing particulars was posted to shareholders. Subject to the requisite shareholder, regulatory and other approvals Avmin will change its name to African Rainbow Minerals Limited and the board, management and strategy will be reconstituted to reflect the new ethos of the Company.

group results

A major determinant of the financial performance during the six months was the rand/US dollar exchange rate, which averaged US$/R7,13 compared to the corresponding 2002 period's US$/R10,10. This represents a 29 per cent strengthening of the average exchange rate between the two periods. The stronger rand has affected Avmin's results in two ways; firstly by lowering revenue and income earned by Group operations, and secondly by lowering earnings as a result of a significant unrealised charge to the income statement from non-hedge derivatives resulting from the conversion of rand gold hedges to US$ gold hedges by Avgold. Shareholders were informed that the value of the rand would negatively affect results in the trading update issued on 27 November 2003.

The Group's revenue declined by 14 per cent to R2,0 billion (2002: R2,3 billion). Costs of production were, however, well contained during the period. Headline earnings before unrealised non-hedge derivatives weakened by 28 per cent to 67 cents per share (93 cents per share). Taking into account the AC133 adjustment of R184 million (Nil) a headline loss of R1 million was recorded.

A net cash flow from operating activities of R237 million (R42 million) was recorded for the period. This increase was primarily as a result of reduced cash demands relating to Chambishi and increased cash distribution from Nkomati. Outflows from investing activities were dominated by the continued heavy capital expenditure in ferrous metals, and totalled R299 million (R257 million). There was a net decrease in cash and cash equivalents of R46 million to R219 million at 31 December 2003.

The Group's net debt-to-total-equity ratio showed another significant improvement, declining to 11 per cent (36 per cent) when comparing the periods ended 31 December 2003 and 2002, whereas the ratio remained constant at 11 per cent as at 30 June and 31 December 2003.

Operationally, Avgold Limited's ("Avgold's") Target gold mine continues to perform well and during the six months exceeded its planned pro-rated annual production levels of 175 000 ounces of gold.

Shortly after the end of the half-year, Avmin acquired the remaining 25 per cent of the Nkomati joint venture from Anglo Operations Limited, a subsidiary of Anglo American plc. This acquisition provides Avmin with the strategic flexibility required to advance plans currently being considered for a significant expansion of Nkomati. A strong operational performance and robust US$ nickel price saw the mine's contribution to earnings increase from R57 million to R77 million.

safety, health and sustainable development

Management is pleased to announce that operations showed a significant decrease in reportable incidents compared to the previous corresponding period.

Avmin continues to proactively manage the Group's HIV/AIDS exposure by ongoing monitoring and management of the impact the pandemic may have on its businesses.

ferrous metals

Despite increased sales volumes for all products, earnings were substantially lower than the corresponding period of the previous year as cautioned in the trading update issued on 13 November 2003.

Assmang's products are priced principally in US dollars and the period under review has seen a significant strengthening of the rand with the average exchange rate realised on the group's export proceeds being R6,98 to the US dollar against R10,02 in the equivalent previous period. In the competitive markets in which the group's products trade, and like most other resource companies in South Africa at present, a change of this extent seriously affects profitability and was sufficient to completely negate the higher unit prices achieved in US dollars for ferro-alloys and the strong volume sales performances achieved in the group's products as summarised in the table below:

Assmang product sales:

Six months to:		31 December 2003	31 December 2002	% change
Manganese ore	(tons)	**662 867**	409 443	62
Iron ore	(tons)	**2 493 824**	2 259 433	10
Manganese alloys	(tons)	**100 489**	96 908	4
Charge chrome	(tons)	**126 860**	103 641	22

Assmang's revenue for the half-year ended 31 December 2003 declined by 1,4 per cent to R1 332,7 million (R1 351,2 million). Attributable earnings decreased by 97,0 per cent to R4,1 million (R137,7 million), equivalent to R1,15 per share (R38,75 per share). The tax charge for the period of R14,9 million is high in relation to profit before tax due to charges for the State's share of profit on the manganese mining operations and Secondary Tax on Companies.

Assmang continued its significant capital programme, spending R208,1 million (R139,6 million) during the period under review, of which R77,0 million was spent on its new shaft complex at the Nchwaning manganese mine. Production from this shaft is expected to commence during May 2004 and capital expenditure will be substantially completed by December 2004 thereby providing ore reserves for more than 20 years. The cost of the new shaft complex is estimated at R690 million. Planned production levels from the existing and new Nchwaning shaft complex will be adequate to satisfy customer demand taking account of rail and harbour logistical constraints.

Current enhancement projects include the completion of the Nchwaning shaft complex, the construction of an underground mine at Dwarsrivier Chrome Mine to replace the existing opencast mine and the development of additional reserves at the iron ore division.

Demand for the group's products remains buoyant and tonnages over the balance of the financial year are expected to approximate those of the period under review. US dollar prices for the group's products are also expected to be higher which, given a stable rand/US dollar exchange rate, could cause earnings to increase in the second half. Shareholders are however reminded that earnings performance will continue to be largely dependant upon the rand/US dollar exchange rate and, to a lesser extent, upon cost savings achieved by the operating divisions.

gold

Avgold's comparative results for the half-year ended 31 December 2002 include ETC. The sale of ETC in May 2003 combined with the lower average rand/ US dollar exchange rate of R7,13 (R10,12) resulted in a decrease in revenue to R446,9 million (R502,4 million).

Gold sold decreased marginally to 5 986kg (6 009kg), while the yield increased significantly to 11,08g/t (8,13g/t) as a result of higher gold grades mined from areas identified as part of the redesigned mining plan – based on rock mechanics design criteria. These grades (11,08 g/t) will reduce in future in line with this mining plan. Cash costs decreased 25 per cent to R43 461/kg (R57 951/kg). The increase in operating profit to R51,8 million (R49,6 million), despite the lower revenue, reflects the efficiencies of the mechanised mining methods employed at Target. Capital expenditure increased marginally to R47,9 million (R46,5 million).

Avgold operating results:

Six months to:		31 December 2003	31 December 2002*	% change
Gold sold	Kg	**5 986**	6 009	–
Cash costs	R/kg	**43 461**	57 951	(25)
	US$/oz	**190**	178	7
Yield	g/t	**11,08**	8,13	36

*Includes ETC

Following the announcement on 13 November 2003 regarding Avmin's proposed sale of its stake in Avgold to Harmony, a joint team has been formed to refine plans for the exploitation of the northern Free State resources.

nickel

Avmin has acquired the 25 per cent of Nkomati that it did not already own from Anglo Operations Limited for R260 million with effect from 1 February 2004. The transaction values Nkomati at just over R1 billion and will be value enhancing, allowing for improved cash flow into Avmin.

Operationally, Nkomati recorded another strong performance for the half year to 31 December 2003. Ore treated increased 21 per cent to 169 000 tons (140 000 tons), producing 28 700 tons (28 900 tons) of concentrates with average grades of 10,0 per cent (10,2 per cent) for nickel and 6,0 per cent (6,5 per cent) for copper.

Nkomati sales volumes:

Six months to:		31 December 2003	31 December 2002	% change
Nickel	(tons)	**2 440**	2 620	(7)
Copper	(tons)	**1 590**	1 670	(5)
Cobalt	(tons)	**28**	33	(15)
PGMs	(ounces)	**19 800**	19 040	4

Excluding nickel, other metals contributed 24 per cent of the mine's total revenue. The mine remains cost competitive with a nickel production cost, net of by-product credits, of US$1,15/lb, while the average nickel price over the period amounted to US$4,94/lb (US$3,16/lb).

platinum

The Two Rivers project team, currently assessing the viability of a new platinum group metals venture in a partnership between Avmin and Impala Platinum Holdings Limited, has been given board approval to proceed with small-scale trial mining. Full project release is conditional on the outcome of the current programme and the outlook of the rand.

dividends

In light of the Company's financial performance, the board does not consider it appropriate to declare a dividend for the six months ended 31 December 2003.

future prospects

Demand for the Group's products is at present strong and is expected to remain so. However, volatility of the Rand/US dollar exchange rate will affect the results significantly.

directorate changes

Mr PC Pienaar, a non-executive director, resigned from the board on 4 February 2004.

R P Menell
Chairman

J C Steenkamp
Chief Executive Officer

Johannesburg
23 March 2004

motiv

directorate

Executive directors: R P Menell *(chairman)*, J C Steenkamp *(chief executive officer)*. D N Campbell • **Non-executive directors:** D E Jowell, K W Maxwell, J R McAlpine, PT Motsepe, D N Murray, M Z Nkosi, Z B Swanepoel • **Group company secretary:** R H Phillips • **Anglovaal Mining Limited** ("Avmin" or the "Company"), Registration Number 1933/004580/06, Incorporated in the Republic of South Africa, JSE Securities Exchange, South Africa • **Share code:** AIN • **ISIN:** ZAE000017141 and London Stock Exchange: AGM • **Registered Office:** 56 Main Street, Johannesburg 2001, PO Box 62379, Marshalltown 2107, South Africa
For further information: Ebrahim Takolia: General Manager Investor Relations, Tel: (+27 11) 634 0333, e-mail ebrahimt@avmin.co.za.

visit our investor relations site: **www.avmin.co.za**