## BALANCE SHEET at 30 June

	Reviewed 2004 Rm	Audited 2003 Rm
ASSETS Non-current assets Tangible assets Intangible assets Deferred tax assets Environmental rehabilitation trust funds Investments	4 674 5 7 29 4 606	4 786 6 12 45 215
Current assets	9 321	5 064
Inventories Trade and other receivables Deposits and cash	914 1 162 328	896 936 265
	2 404	2 097
Total assets	11 725	7 161
EQUITY AND LIABILITIES Capital and reserves Ordinary share capital Share premium Reserves Retained earnings	10 3 495 (193) 3 568	6 79 218 2 208
Shareholders' interest in capital and reserves Minority interest	6 880 1 326	2 511 2 451
Total shareholders' interest	8 206	4 962
Non-current liabilities Long-term borrowings Deferred tax liabilities Long-term provisions Non-hedge derivatives	857 866 151  1 874	519 153 103 775
<b>Current liabilities</b> Trade and other payables Provisions Taxation Overdrafts and short-term borrowings	567 41 63 974	521 39 42 822
	1 645	1 424
Total equity and liabilities	11 725	7 161

## CASH FLOW STATEMENT for the year ended 30 June

	Reviewed 2004 Rm	Audited 2003 Rm
CASH FLOW FROM OPERATING ACTIVITIES		
Cash receipts from customers Cash paid to suppliers and employees	4 474 (3 693)	5 009 (4 160)
Cash generated from operations Interest received Interest paid Dividends received Dividends paid Taxation paid	781 25 (74) 1 (13) (82)	849 80 (180) 3 (21) (101)
Net cash inflow from operating activities	638	630
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to fixed assets to maintain operations Additions to fixed assets to expand operations Net cash effect of acquisitions Cash disposed of with sale of Avgold Proceeds on disposal of fixed assets Proceeds on disposal of investments Purchase of remaining interest in Nkomati Proceeds from sale of ETC mine Net cash effect of sale of Chambishi Proceeds on dilution of interest in investment in subsidiaries Net cash inflow/(outflow) from investing activities CASH FLOW FROM FINANCING ACTIVITIES	(475) (184) (32) (1) 19 167 (260) - - - - (766)	(420) (132) - - 8 - 252 (67) 564 205
Increase in shareholder funding	54	17
Funding received from minority shareholders	63	11
Long-term borrowings raised Long-term borrowings repaid Decrease in short-term borrowings	280 (127) (79)	(901) (476)
Net cash inflow/(outflow) from financing activities	191	(1 349)
Net increase/(decrease) in cash and cash equivalents Cash and cash equivalents at beginning of year	63 265	(514) 779
Cash and cash equivalents at end of year	328	265
Cash generated from operations per share (cents)	610	758

## STATEMENT OF CHANGES IN EQUITY for the year ended 30 June

Group	Share capital and premium Rm	Foreign currency translation Rm	Revaluation surplus Rm	Other Rm	Retained earnings Rm	Total Rm
Balance at 30 June 2002	68	(42)	141	11	2 401	2 579
Loss	_	-	_	-	(191)	(191)
Revaluation of listed investments	_	-	39	-	-	39
Translation of foreign subsidiary	_	24	_	-	-	24
Reversal of derivative instruments	_	-	_	26	-	26
Realisation of reserve on disposal of Chambishi	_	18	_	-	-	18
Share options exercised	17	-	_	-	-	17
Transfer to insurance contingency reserve	_	-	_	2	(2)	-
Other	-	_	1	(2)	-	(1)
Balance at 30 June 2003	85	_	181	37	2 208	2 511
Basic earnings	_	-	_	-	1 360	1 360
Investment sales and revaluations	_	-	(178)	-	-	(178)
Share options exercised	54	-	_	-	-	54
Shares issued for acquisitions	3 366	-	_	-	-	3 366
Other	_	-	-	2	-	2
Share of associate		-	-	(235)	-	(235)
Balance at 30 June 2004	3 505	-	3	(196)	3 568	6 880

#### BASIS OF PREPARATION AND ACCOUNTING POLICIES

The financial information for the half-year and year ended 30 June 2004 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 on the historical cost basis except as otherwise indicated in the accounting policies.

The condensed balance sheets, income statements, cash flow statements and statements of changes in shareholders' equity, have been reviewed by Ernst & Young. Their unqualified review report is available for inspection at the Company's registered office.

>	BASIC EARNINGS FOR THE YEAR R1,4 BILLION (FY 2003: R191 MILLION LOSS)
>	STRONG SECOND HALF PERFORMANCES FROM NICKEL AND FERROUS OPERATIONS
>	PROFIT FROM OPERATIONS H2: R409 MILLION (H1: R5 MILLION LOSS)
>	SUBSTANTIALLY STRONGER BALANCE SHEET
0	GROUP RESTRUCTURED TO REFLECT NEW FOCI
>	GROWTH STRATEGY FORMULATED
- 3	GOOD PROGRESS WITH IN-HOUSE PROJECTS

Unaudited Unaudited Reviewed Audited

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## **INCOME STATEMENT**

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HIGHLIGHTS

	Six mo	nths ended	Yea	ar ended
	30 June	31 December	30 June	30 June
	2004	2003	2004	2003
	Rm	Rm	Rm	Rm
Revenue	2 525	2 004	4 529	4 896
Cost of sales	(1 972)	(1 681)	(3 653)	(3 882)
<b>Gross profit</b>	553	323	876	1 014
Other operating income	53	23	76	424
Other operating expenses	(191)	(167)	(358)	(779)
Retrenchment costs	(23)	-	(23)	(35)
Profit/(loss) on non-hedge derivatives	17	(184)	(167)	(103)
<b>Profit/(loss) from operations</b>	409	(5)	404	521
Income from investments	14	12	26	83
Finance costs	(46)	(38)	(84)	(180)
Loss from associates	(67)	–	(67)	-
Profit/(loss) before taxation and exceptional items Exceptional items	310 1 415	(31) 4	279 1 419	424 (388)
Profit/(loss) before taxation	1 725	(27)	1 698	36
Taxation	(260)	(49)	(309)	(147)
Profit/(loss) for the period	1 465	(76)	1 389	(111)
Minority interest	(104)	75	(29)	(80)
Basic earnings/(loss)	1 361	(1)	1 360	(191)
ADDITIONAL INFORMATION Headline earnings Headline earnings per share (cents) Basic earnings/(attributable loss) per share (cents) Fully diluted earnings/(attributable loss) per	48 34 951	(1) (1) (1)	47 37 1 062	197 176 (170)
share (cents) Number of shares in issue at end of period (thousands) Weighted average number of shares in	204 208	114 128	1 055 204 208	(169) 112 602
issue (thousands)	142 991	113 713	128 115	112 046
Net asset value per share (cents)	3 369	2 196	3 369	2 230

## NOTES TO THE FINANCIAL STATEMENTS

HEADLINE EARNINGS Basic earnings per income statement – Loss on sale of Chambishi – Profit on sale of Avgold – Surplus on disposal of investments and	1 361 18 (1 342)	(1) 	1 360 18 (1 342)	(191) 649 (241)
<ul> <li>mineral rights</li> <li>Impairment of immovable properties</li> <li>Other</li> </ul>	(135) 45 (18)	_ _ (4)	(135) 45 (22)	(20) 
<ul><li>Taxation</li><li>Minority interest</li></ul>	(71) 116 3	(5) 4 -	(76) 120 3	197 4 (4)
Headline earnings	48	(1)	47	197
EXCEPTIONAL ITEMS Surplus on disposal of Avgold shares Surplus on disposal of Assore shares Impairment on immovable properties Loss on disposal of Chambishi Other	1 342 135 (45) (18) 1	_ _ _ 4	1 342 135 (45) (18) 5	241  (649) 20
<b>Exceptional items per income statement</b> Taxation Minority interest Profit on sale of fixed assets Associate dilution and exceptional	1 415 (116) (3) 5 12	4 (4) - - -	1 419 (120) (3) 5 12	(388) (4) 4 - -
Net exceptional items	1 313	-	1 313	(388)

## SEGMENTAL INFORMATION

#### Primary segmental information Business segments

For reporting purposes, the Group is presently organised into the following commodity segments.

	Gold Rm	Platinum Rm	Nickel Rm	Ferrous metals Rm	Corporate and other Rm	Copper/ Cobalt Rm	Total Rm
Year to 30 June 2004							
Revenue							
External revenue	644	57	524	3 304	-	-	4 529
Cost of sales	(589)	(71)	(252)	(2 741)	-	-	(3 653
Other operating income	2	-	42	22	10	-	76
Other operating expenses	(182)	(1)	(73)	(194)	(98)	-	(548
Reallocated corporate expenditure	-	-	(5)	71	(66)	-	-
Segment result	(125)	(15)	236	462	(154)	_	404
ncome from investments	1	-	2	2	21	-	20
inance cost	(4)	(16)	-	(52)	(12)	-	(84
.oss from associate	(67)	-	-	-	-	-	(6)
exceptional items	4	(35)	-	-	1 450	-	1 41
Taxation	(4)	(1)	(77)	(124)	(103)	-	(30
Minority interest	73	6	-	(108)	-	-	(29
Contribution to basic earnings	(122)	(61)	161	180	1 202	_	1 36
Contribution to headline earnings	(135)	(26)	161	178	(131)	-	4
Other information							
Consolidated total operating assets	-	1 961	248	4 056	5 017	-	11 282
ntangibles and mineral rights	-	63	204	171	5	-	44
		2.024	452	4 2 2 7	E 022		11 72
Consolidated total assets	-	2 024	452	4 227	5 022	-	
Consolidated total liabilities		983	206	1 746	584	-	3 51
Capital expenditure	86	92	9	493	15	-	69
Amortisation and depreciation	193	9	42	168	3	-	41!
Primary segmental information Year to 30 June 2003 Revenue External revenue Cost of sales Other operating income Other operating expenses Reallocated corporate expenditure	1 000 (863) 67 (130) –	- - - -	377 (198) 19 (48) (1)	2 905 (2 247) 13 (281) 49	 293 (342) (53)	614 (574) 32 (116) 5	4 896 (3 882 424 (917
Segment result	74	_	149	439	(102)	(39)	52
ncome from investments	13	1	3	1	65	(55)	8
inance cost	(58)	-	_	(57)	(18)	(47)	(18
Exceptional items	7	_	_	(37)	(345)	(50)	(38
Faxation	(9)	(1)	(44)	(130)	61	(24)	(14
Vinority interest	1	_	_	(101)	_	20	(8
Contribution to earnings	28	_	108	152	(339)	(140)	(19
Contribution to headline earnings	26	_	108	152	6	(95)	19
						(55)	
<b>Other information</b> Consolidated total operating assets	2 476	C 4	222		619		6 83
		64	227	3 451		-	
ntangibles and mineral rights	143	_	_	176	5	-	324
Consolidated total assets	2 619	64	227	3 627	624	_	7 16
Consolidated total liabilities	383	2	54	1 338	422	_	2 19
e de la completa de l	124	30	30	338	1	29	55
Capital expenditure	124	50	18		•	39	

## COMMENTARY FOR ANNUAL RESULTS

"It has been a year of fundamental change. We have successfully concluded the ARMI/Avmin/ Harmony agreement announced on 13 November 2003. We are now implementing the changes and improvements which transactions of this nature bring about. ARM is now in a position to focus on maximising the value of its existing operations and in-house projects, where there are prospects for growth and attractive financial returns, and to focus on rolling out its growth strategy."

#### GROWTH STRATEGY



The ultimate aim of ARM's growth strategy is the creation of shareholder wealth. This strategy has four basic tenets:

• Operational excellence – This will be achieved by being a low cost producer and continuous increased efficiency, culminating in strong organic growth.

#### Maximising value in existing projects – This can be achieved by establishing the most efficient manner in which to maximise value from existing projects, and may include strategic partnerships.

- Acquisitive growth through smart deals ARM's credentials as an empowered company and access to capital will present many acquisition opportunities. The potential for "smart" deals within the Group's focus areas therefore exists.
- Optimise corporate structure This will involve addressing the low liquidity levels of ARM's shares, the complex shareholding structure and direct access to cash flows.

#### MANAGEMENT TEAM

The executive management team at ARM have considerable experience over a wide range of commodities and operations. Chief Executive Officer Patrice Motsepe leads the Company. He is supported by Frank Abbott, Financial Director, Jan Steenkamp, Chief Executive of the ferrous metals division and André Wilkens, Chief Executive of the platinum division.

#### FINANCIAL REVIEW

Arising from the transactions which have occurred during the year comparisons to the previous year's results will be difficult and should be reviewed on an entity basis.

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# African Rainbow Minerals

## **REVIEWED RESULTS** for the year ended 30 June 2004

The ARM group results to June 2004 are impacted by the following transactions:

- Disposals
- Chambishi (effective 30 June 2003)
- Avgold Limited ("Avgold") (effective 30 April 2004)
- Acquisitions

- Harmony Gold Mining Company Limited ("Harmony") -

accounted for as an associated company from 1 May 2004 – Nkomati Mine – (remaining 25% effective 1 February 2004)

– ARM Platinum (effective 1 May 2004)

The average rand/US dollar exchange rate for the year strengthened by 24 percent from R9,04/\$ to R6,90/\$. This had a significant impact on results for the year at all operations.

The group achieved much better results for the second six months of the financial year, with operating profit increasing substantially to R409 million (six months to 31 December 2003: R5 million loss). This increase was largely due to the solid performances from the nickel and ferrous metals operations.

Cash flow generated from operating activities was R638 million (R630 million). The balance sheet has been strengthened following the acquisitions of Harmony, ARM Platinum and 25 percent of Nkomati, resulting in total assets increasing to R11,7 billion (R7,2 billion).

The Group's long-term borrowings increased to R857 million as a result of the acquisition of Nkomati for R260 million and debt assumed on the acquisition of ARM Platinum.

### OPERATIONS REVIEW

GOLD

## HARMONY

The gold division's primary asset is a 19,8 percent stake in Harmony. The impact of the strength of the rand clouded what can be described as a difficult but rewarding twelve months for Harmony. Harmony continued to show an increase in gold produced, increasing by 11 percent from 3,0 million ounces to over 3,3 million ounces, year-on-year. Harmony's revenue in R/kg terms decreased by 12 percent from R96 663/kg to R85 219/kg. As a result of the growth in production, Harmony managed to sustain revenue levels of R8,8 billion (R9,0 billion - for the year ended 2002/03). A 24 percent increase in actual working costs following a nine percent increase in underground tonnages and a 12 percent increase in cost per tonne resulted in a net cash operating profit of R580 million compared to the R2,4 billion previously reported. Cash operating profit margins decreased from 26 percent to seven percent. Harmony declared a final dividend of 30 cents per share.

#### Avgold

For the first 10 months of the financial year Avgold was a subsidiary of ARM.

During the 10 months to 30 April 2004 Target milled 877 925 tonnes of ore at a yield of 10 g/t. The cash cost was R42 777/kg, or US\$196/oz. Capital expenditure was R82 million. Revenue during the 10 months to 30 April 2004 was R644 million and gross profit was R55 million.

Nkomati		2004	2003
Cash operating profit	R million	346	260
Tonnes treated	(′000)	344	292
Grade	(% nickel)	2,02	2,38
On-mine cash cost tonnes treated	(R/tonne)	361	344
Market sales			
Nickel	tonnes	4 920	4 900
Copper	tonnes	2 830	3 300
Cobalt	tonnes	81	62
PGMs	OZ	36 360	39 000

#### Two Rivers Platinum

Trial mining is currently underway and 60 000 tonnes of ore has been mined and stockpiled. The objective of the trial mining is to move the project risk from greenfields to brownfields. All the feasibility assumptions have been confirmed and a 4,7 g/t 6E stoping grade has been achieved.

#### Kalplats PGM Project

ARM Platinum and Platinum Australia Limited have signed a Memorandum of Understanding to participate as joint venture partners to determine through further exploration and feasibility studies whether or not the application of the Panton Process, a patented PGM recovery process, can enhance the recovery of PGMs at the Kalplats PGM Project.

### **ARM** ferrous

The operations of ARM Ferrous, which are held through Assmang Limited ("Assmang"), are grouped into three divisions: Manganese, Chrome and Iron ore. Assmang's revenue for the year ended 30 June 2004 rose by 13,8 percent to R3 304,5 million. Attributable earnings increased by 7,1 percent to R218,3 million (R203,8 million), equivalent to R61,50 a share. Headline earnings increased by 4,9 percent to R213,8 million (R203,8 million). Contributions to attributable earnings by the three divisions, before deducting secondary tax on companies, amounted to R235,4 million (R285,1 million) from the manganese division, R11,1 million (R58,6 million) from the iron ore division and a loss of R24,9 million (R134,5 million - loss) from the chrome division. The rand/US dollar exchange rate continued to be the key determinant of Assmang's performance during the year. An average of R6,77 to the US dollar was realised on export proceeds compared to R8,97 for the previous year.

Production volumes across all commodities increased in comparison to the previous year, details of which are included in the table below.

Assmang	2004	2003
	000 metr	ic tonnes
Product sales		
Iron ore	5 500	5 300
Manganese ore (excluding deliveries to		
the Cato Ridge alloy operation)	1 400	1 200
Manganese alloys	218	197
Charge Chrome	295	244
Capital expenditure R million	493	338

#### EXPLORATION

## **ARM** platinum

ARM Platinum consists of two operating mines, Modikwa Platinum Mine and Nkomati Mine, and three projects, Two Rivers Platinum, Kalplats Exploration and the Nkomati expansion.

#### Modikwa Platinum Mine

Although significant progress has been made, Modikwa remains in a build-up phase to full production; which should be achieved by early 2005. Annualising the figures from the last quarter, the mine has achieved a significant improvement in production tonnage and has achieved 70 percent of full platinum production. The operating cash costs reduced to approximately R300/t.

#### Nkomati Mine

ARM acquired the remaining 25 percent of Nkomati from Anglo Operations Limited, a subsidiary of Anglo American plc, for R260 million. The effective date of the transaction was 1 February 2004. Accordingly, 75 percent of Nkomati's results are consolidated from 1 July 2003 to 31 January 2004 and 100 percent from 1 February 2004 to 30 June 2004. The mine treated a total of 344 000 tonnes (292 000 tonnes) of ore, producing 56 800 tonnes (55 300 tonnes) of concentrate at an average nickel grade in concentrate of 9,82 percent (9,96 percent). The mine has been consistently operating above its maximum design capacity at an average of 29 000 tonnes of run-of-mine ore per month and the objective is to maintain the overall nickel grade, while minimising costs. Nkomati continues to optimise the exploitation of the various ore bodies and 17 percent of the total run-of-mine ore was comprised of MMZ ore (disseminate sulphides). Excluding nickel, other metals contributed 29 percent (35 percent) of the mine's total revenue, making the mine the lowest cost producer in its sector. The mine's revenue for the year increased by 22 percent to R611 million (R503 million), despite the strengthening of the rand, as a result of the stronger US dollar nickel price and record levels of nickel production during the year. Year-on-year unit cash operating costs increased from R344/t to R361/t or 4,9 percent, which is less than inflation. Cost of sales increased 11 percent to R287 million (R260 million) as a result of the increased production. The focus on cost minimisation and efficiency at the mine during the year resulted in significant productivity improvements - operating profit increased 35 percent to R319 million (R236 million). Profit before tax increased 50 percent to R304 million (R203 million).

ARM's new business development and exploration team has identified and acquired a portfolio of quality exploration development assets in southern Africa, comprising gold, copper/cobalt, zinc, nickel, magnesite and fluorspar. The project maturity scale ranges from early stage to advanced pre-feasibility.

#### SAFETY AND HEALTH

ARM's commitment to safety is reflected in the significant improvement in safety statistics at ARM operations during the year. The Lost Day Injury Frequency Rate for the year declined to 4,2 cases per million man hours worked (2003: 7,8 cases per 1 million man hours worked). Regrettably, two people lost their lives during the year. The Board, management and employees of ARM extend their condolences to the bereaved families and friends. During the year Nkomati Mine achieved 8 000 fatality-free production shifts and 10 years without a fatality.

#### DIVIDENDS

We are in a capital growth phase and therefore the Board does not consider it appropriate to declare a dividend for the year ended 30 June 2004.

#### DIRECTORATE

The ARM Board has been reconstituted:

#### Executive directors

PT Motsepe – Chairman and Chief Executive Officer F Abbott – Financial Director

Non-executive directors RP Menell – Deputy Chairman ZB Swanepoel

#### Independent non-executive directors Dr MMMM Bakane-Tuoane

MW King AK Maditsi PJ Manda JR McAlpine Dr PS Sibisi Dr RV Simelane MV Sisulu

#### PT Motsepe

Chairman and Chief Executive Officer

F Abbott Financial Director Johannesburg 17 August 2004 **IGNITION 1582** 

African Rainbow Minerals Limited ("ARM" or the "Company") Formerly Anglovaal Mining Limited ("Avmin")Registration number 1933/004580/06 Incorporated in the Republic of South Africa, JSE Securities Exchange South AfricaShare code: ARI ISIN: ZAE000054045 and London Stock Exchange plc Share code: AGMRegistered office:ARM House 29 Impala Road Chislehurston Sandton 2146PO Box 786136 Sandton 2146 Tel +27 11 779 1300 Fax +27 11 779 1312For further information:Ebrahim Takolia (General Manager Investor Relations)<br/>Tel +27 11 779 1300 e-mail ir.admin@arm.co.zaGroup Company Secretary:RH Phillips