

ASSMANG LIMITED annual report

⇒ 2003



ASSMANG





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Form of Proxy	Inserted

Assmang Limited is incorporated in the Republic of South Africa and is listed on the JSE Securities Exchange, South Africa

Assmang Limited (“Assmang”), a company incorporated in the Republic of South Africa (Company Registration No. 1935/007343/06), mines manganese and iron ores in the Northern Cape Province and chrome ore at Dwarsrivier in the Mpumalanga Province. The Company also produces manganese alloys at its works at Cato Ridge in the KwaZulu-Natal Province and chrome alloys at its works at Machadodorp, in the Mpumalanga Province. Cato Ridge Alloys (Proprietary) Limited, a joint venture between the Company, Mizushima Ferroalloys Company Limited and Sumitomo Corporation of Japan, produces refined ferro-manganese at the Cato Ridge works.

Incorporated in 1935 - listed on the JSE Securities Exchange South Africa (JSE) in 1936 – the Group employs 2 633 people and is operated as three divisions namely, iron ore, manganese and chrome. In terms of a long standing arrangement the Company is controlled jointly by Anglovaal Mining Limited (Avmin) (which holds 50,4%) and Assore Limited (which holds 45,7%) both of which are listed on the JSE.

Assmang mines iron ore near Postmasburg and manganese ore near Kuruman both about 700 kilometres south-west of Johannesburg. Most of the Group’s production is exported to the Far East, Europe and the United States of America. Manganese ore is also transferred to the works at Cato Ridge where it is used in the production of manganese alloys. Assmang’s Dwarsrivier chrome ore mine supplies ore to the Company’s Machadodorp Works for the production of chrome alloys. The Group’s alloy production is exported.

Assmang’s community investment initiatives continue with highly successful joint venture projects in close collaboration with Regional and Local Government, local community leadership and other mining companies operating in the area. Community investment initiatives are also specifically focused on the remote rural areas in which the Company operates, where much needed networking, community empowerment and upliftment continues to be addressed. The community investment philosophy and approach has also been revised in order to align community investment to a series of human resources development legislations and to optimally align community investment with the core business strategy of Assmang.

Assmang is committed to the protection of the environment in which it operates and environmental management programmes have been established which are fully integrated with the safety and quality management systems and address all potential environmental impacts. A rehabilitation trust fund is in place to provide the necessary funding. Quality control and environmental management systems are well established and maintained.



⇒ FORWARD looking statements

Certain statements included in this report may constitute “forward looking statements”. Inevitably such forward looking statements involve known and unknown risks and uncertainties and other factors that may cause the actual results, performance or achievements of the Group to be materially different from future results, performance or achievements expressed or implied by those forward looking statements. The Group is subject to commodity price, exchange rate and interest rate variances and the risks involved in mining operations and while every effort is made to anticipate and counter adverse impacts on the Company’s performance, it is not possible to guarantee the outcome.

⇒ SALIENT features

Financial results for the year ended:	30 June 2003	30 June 2002
	R000	R000
Turnover	2 904 483	2 809 352
Headline earnings	203 817	442 389
Attributable earnings	203 839	986 541
Dividends paid	42 578	47 901
Headline earnings per share	5 745 cents	12 467 cents
Attributable earnings per share	5 745 cents	27 804 cents
Dividends per share	1 200 cents	1 350 cents





ADMINISTRATION

Directors

Desmond Sacco **Chairman**
R P Menell **Deputy chairman**
B R Broekman*†
R J Carpenter†
D N Campbell (appointed 31 July 2003)
C J Cory*
P C Croust†
D N Murray (resigned 23 June 2003)
J C Steenkamp†

Alternate directors

B M Menell (withdrawn 31 July 2003)
B J Funston*
G C Butler‡
F H Kalp
J W Lewis‡
A McAdam‡
G S Potgieter (appointed 31 July 2003)
A D Stalker‡
M J N Uys
*Members of the audit committee
†Executive directors
‡British

Secretaries, administrative and financial advisers

Anglovaal Mining Limited

Business address

56 Main Street
2001, Johannesburg

Postal address

PO Box 62379
2107, Marshalltown
South Africa
Telephone: (011) 634-9111
Telefax: (011) 634-0038

Transfer secretaries

Computershare Limited
70 Marshall Street
2001, Johannesburg

Postal address

PO Box 61051
2107, Marshalltown
Telephone: (011) 370-5000
Telefax: (011) 688-7721

Technical advisers

African Mining and Trust Company Limited
Anglovaal Mining Limited

Sole selling agents and distributors

Ore & Metal Company Limited
Assore House
15 Fricker Road
Illovo Boulevard
2196, South Africa

Private Bag X03
Northlands
2116
South Africa
Telephone: (011) 770-6800
Telefax: (011) 268-6440

Management at the operations: Manganese and iron ores

W S Grobbelaar, **General Mine manager**
A J Nel, **Mine manager – Manganese**
M A Oosthuizen, **Financial manager**

Chrome ore

A P Hamman, **General Mine manager**
W Smith, **Financial manager**

Chrome alloys

K Cookson, **General manager**
L R Wohlberg, **Financial manager**

Manganese alloys

C G Muir, **General manager**
G C T Karsten, **Financial manager**

Auditors

Ernst & Young

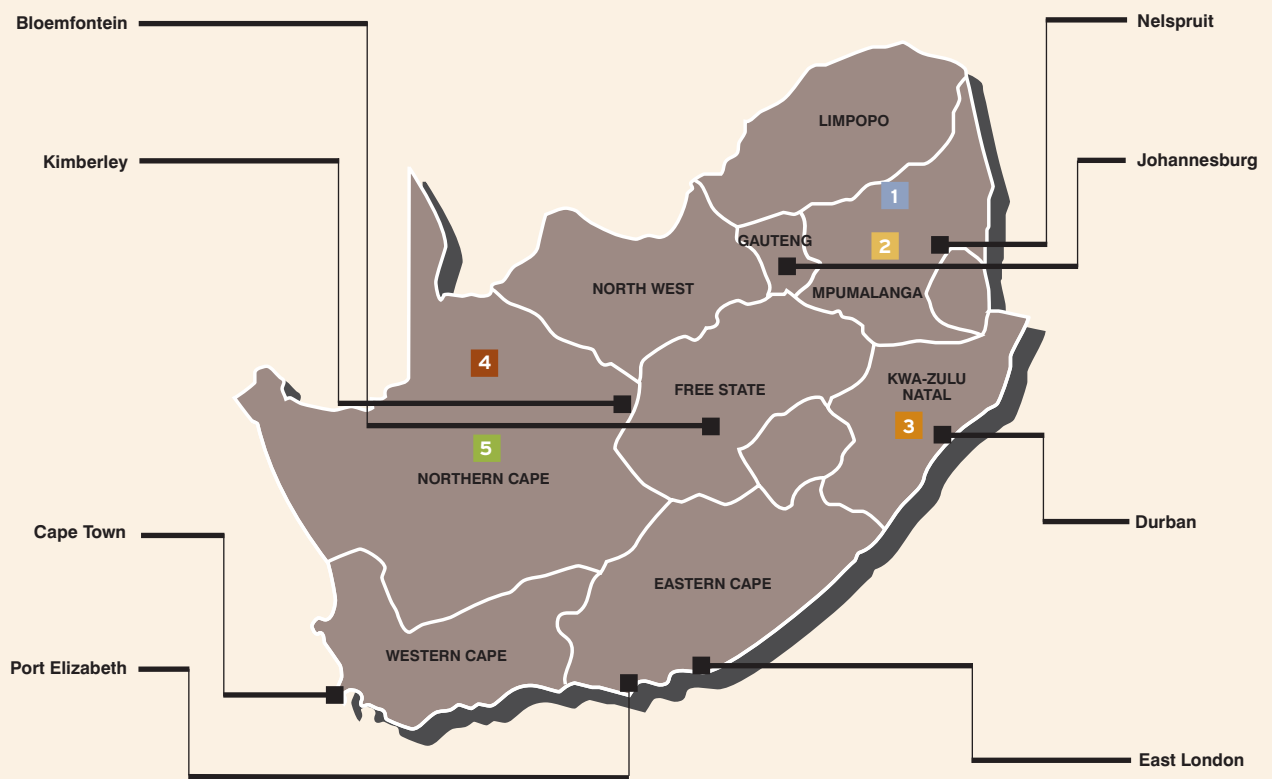
Bankers

The Standard Bank of South Africa Limited
ABSA Bank Limited

Registered office

56 Main Street
2001, Johannesburg
South Africa

⇒ ASSET locations



- 1 Chrome ore (Dwarsrivier)
- 2 Chrome alloys
- 3 Manganese alloys
- 4 Manganese ore (Nchwaning)
- 5 Iron ore (Beeshoek)



	2003 R000	2002 R000	2001 R000	2000 R000	1999 R000
Financial results					
Turnover	2 904 483	2 809 352	1 926 189	1 579 075	1 601 462
Profit before taxation and State's share of profit	333 727	1 233 452*	349 879	215 777	348 892
Taxation and State's share of profit	129 888	246 911	118 943	89 180	112 263
Profit after taxation and State's share of profit	203 839	986 541	230 936	126 597	236 629
Ordinary dividends	42 578	47 901	26 612	26 612	26 612
Retained profit	161 261	938 640	204 324	99 985	210 017
Assets					
Fixed assets	2 072 198	1 877 833	1 622 306	1 085 965	751 392
Deferred tax assets	12 006	11 204	27 558	21 407	13 849
Environmental rehabilitation trust fund	13 068	10 385	8 150	5 905	4 392
Current assets	1 529 414	1 439 226	931 053	750 503	717 887
	3 626 686	3 338 648	2 589 067	1 863 780	1 487 520
Equity and liabilities					
Ordinary shareholders' interest	2 288 515	2 127 254	1 188 614	984 290	866 564
Deferred tax liabilities	447 768	379 801	288 395	213 668	144 305
Long-term liabilities	35 848	31 889	29 560	27 102	25 224
Current liabilities	854 555	799 704	1 082 498	638 720	451 427
	3 626 686	3 338 648	2 589 067	1 863 780	1 487 520
Statistics					
Number of ordinary shares in issue	3 548 206	3 548 206	3 548 206	3 548 206	3 548 206
Attributable earnings per ordinary share cents	5 745	27 804	6 508	3 568	6 669
Headline earnings per ordinary share cents	5 745	12 467	6 492	3 548	6 492
Dividend per ordinary share cents	1 200	1 350	750	750	750
Capital expenditure R000	338 116	372 312	625 772	404 643	316 591
Ore sold					
– Manganese ore					
(Excluding sales to Cato Ridge facility) t000	1 171	999	979	925	1 083
– Iron ore t000	5 263	4 775	4 315	4 170	3 981
– Chrome ore					
(Excluding sales to Machadodorp facility) t000	20	39	–	–	–
– Manganese alloys t000	206	187	193	206	156
– Charge chrome t000	244	190	125	114	112

*Includes exceptional item of R543,7 million



Results

The fortunes of Assmang, as indeed those of most South African mining companies, continue to be determined to a large extent by the South African rand-US dollar exchange rate. This, of course, is a factor over which management has little or no control and it is encouraging that matters over which they do exercise control, such as production and sales, have performed relatively well during the year under review. Production improved across the range of the Company's products and sales rose to record levels for all major product lines.

For much of the 2001/2002 financial year, the rand was weaker against the dollar, benefiting Assmang's revenue in rand terms. In 2002/2003, the trend has been the other way with the average exchange rate realised on export proceeds being R8,97 to the US dollar compared with R10,12 for the previous year. This is further illustrated by the fact that Group revenue was marginally up by 3,4 percent at R2,9 billion whereas total sales by volume rose by 11,1 percent, indicating that rates per ton and consequently margins, were significantly affected by the conversion from the US dollar.

In the absence of exceptional items in the current year, attributable earnings and headline earnings matched, amounting to R203,8 million or R57,45 a share, representing a 53,9 percent decline in headline earnings over the year.

The contributions of the three major divisions towards headline earnings before secondary tax on companies comprised a R285,1 million (2002: R350,9 million) profit from manganese, a R58,6 million (2002: R135,1 million) profit from iron ore and a loss of R134,6 million (2002: R39,4 million loss) from chrome. The loss is largely attributable to low US prices for chrome and while the strengthening of the rand, together with low charge chrome stocks worldwide, saw US dollar prices rising progressively, by a total of approximately 50 percent over the past four quarters, it was insufficient to offset the exchange loss.

Volumes and prices

World steel production increased by 8,2 percent to 466 million tons in the first half of 2003 and this trend saw the Group's sales volumes of iron ore for the year increase to 5,3 million tons (2002: 4,8 million tons). Manganese ore has also benefited from the increase in global steel production. Sales volumes (excluding deliveries to Cato Ridge Works) rose to 1,2 million tons (2002: 0,9 million tons).

Total sales of manganese alloys gained over the previous year to 206 000 tons (2002: 187 000 tons) in line with higher production at the Cato Ridge Works. High carbon ferromanganese export sales were reduced by 15 000 tons to 127 000 tons, due to increased transfers of molten metal for the production of refined ferromanganese. Sales of refined ferromanganese increased to 45 000 tons (2002: 32 000 tons) and silico manganese sales improved as a result of higher production volumes to 25 000 tons (2002: 13 000 tons).

Sales volumes of charge chrome increased by almost 30 percent to 244 000 tons (2002: 190 000 tons) but, and as mentioned previously, the increasing US dollar prices of about 50 percent occurred too late in the year to affect the results significantly.

Major capital projects

Assmang continued its significant capital programme, spending R338 million (2002: R372 million) during the year, of which R94,6 million was spent on its new shaft complex at the Nchwaning manganese mine. The project is scheduled for completion during May 2004 at a total cost of R601 million excluding capitalised interest.





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

Borrowings

Short-term borrowings at 30 June 2003 were lower at R524,0 million compared to R576,8 million at the end of June 2002.

Fatalities

It is with deep regret that I record that five employees tragically lost their lives in four separate accidents at the Company's manganese and iron ore mines during the year under review.

On behalf of myself and the board, I extend condolences to the bereaved families.

Outlook

Demand for the Group's products remains fairly buoyant and tonnages in the new year appear likely to approximate those of the previous financial year. US dollar prices for iron ore, both lumpy and fines, have already risen by just below 9 percent on average for the period April 2003 to March 2004. However, further sales volumes are likely to be restricted by the limitations in railway and shipping capacity through the port at Saldanha Bay.

Although manganese volumes are unlikely to change during the forthcoming year, US dollar prices will be affected by the 7 percent increase achieved in Japan for the period April 2003 to March 2004.

The increase in world steel production should also result in a steady demand for manganese alloys. Although the supply of these alloys has returned to normal following disruptions experienced during calendar 2002, an oversupply situation could develop, putting pressure on prices.

The ferrochrome price, which increased by some 50 percent over the past year, is closely linked to global stainless steel production, which has shown good growth over the last 12 months. Total production of stainless steel worldwide for calendar 2003 is likely to be over 20,5 million tons (2002: 19,8 million tons). This could create opportunities for both prices and volumes of ferrochrome in the forthcoming year.

Our markets appear likely to remain basically healthy over the ensuing financial year. However, as has been demonstrated over the past few years the relationship between the rand and US dollar is likely to continue to be the final arbiter in the Group's performance. Given the volatile state of world affairs this situation seems likely to continue and management will make every endeavour to ameliorate any adverse effects deriving from this, by way of continuing cost savings.

Various expansion scenarios involving the Company's iron ore assets in the Northern Cape are being investigated and the Company has entered into a heads of agreement with Kumba Resources Limited for the purpose of exchanging technical information with a view to evaluating certain of these expansion possibilities.

The condition of South Africa's ports remains a continuing area of concern. While port costs have increased, productivity and efficiencies have decreased alarmingly at certain ports. A critical situation has developed, resulting in ship owners imposing a port inefficiency surcharge on carrying certain products. These developments are having a negative effect on freight rates, rendering exports less competitive and costing the country valuable foreign exchange revenue.



Dividends

An interim dividend (number 127) of R5,00 per share was declared on 12 March 2003 and paid to shareholders on 7 April 2003.

A final dividend (number 128) of R5,00 has been declared since year end. Neither of these distributions are comparable with those of the previous year, which included a substantial and exceptional component attributable to the surplus realised on the disposal of the PGM mineral rights.

Appreciation

I would like to repeat my earlier comment that, in all respects in which management and staff could play a part, the Company's performance has again improved over that of the previous year and I sincerely thank them for their contribution, on behalf of the board.

I would also like to express gratitude to Mr D N Murray, a non-executive director of the Company since October 2001, who resigned on 23 June 2003, and to welcome Mr D N Campbell, who has been appointed in his stead on 31 July 2003.

Desmond Sacco

Chairman

16 September 2003





Governance

The Assmang Group has strong commitments to a wide range of corporate governance practices. The directors of Assmang are ultimately accountable to shareholders and have a responsibility, both collectively and individually, to ensure that a high standard of corporate governance is maintained in all the Group's activities.

Code of Corporate Practice and Conduct

The board of Assmang is committed to maintaining the standards of integrity, accountability and openness advocated in the King Report on Corporate Governance for South Africa 2002 ("King II Report") and believes that in principle the Company has complied with the stipulated requirements. Although many of the recommendations have already been implemented, the board is continually seeking to address specific areas as recommended in the King II report.

Board of directors

Details of the board of directors are set out on page 4 of the annual report. The chairman is a non-executive director. The board meets at least four times a year and none of the directors has a service contract with the Group. The directors have access to advice from the company secretary and are entitled to seek independent advice about the affairs of the Group at the Company's expense.

In terms of the Group's articles of association, the maximum term of office for directors is three years and one-third of the directors retire by rotation annually and, if eligible for re-election, their names are submitted for election at the annual general meeting. All directors who were appointed subsequent to the last annual general meeting are required to seek election at the following annual general meeting. Directors seeking election at the annual general meeting are required to complete, sign and have submitted to the JSE Securities Exchange South Africa the latter's section 21 declaration as to their qualifications, experience and integrity.

A board charter is being reviewed and will be submitted for approval during early 2004.

Operations Committee

J C Steenkamp (Presiding officer), P C Crous, B R Broekman, R J Carpenter

This board appointed committee is mandated to implement strategy, considering operational and project matters and maintaining effective management of the Group's operations. The committee meets at least quarterly. The members of the committee comprise four executive directors. The committee members contribute a diverse range of professional skills across a broad spectrum of the Group's activities.

Audit Committee

C J Cory (Chairman), B R Broekman, B J Funston

The board has appointed an Audit Committee, the members of which comprise two non-executive directors and one executive director. The committee meets at least three times a year.



(continued)

The main responsibilities of this committee include the safeguarding of the Group's assets and shareholders' investments, the maintenance of high standards of records and systems of internal control as well as the monitoring of standards of corporate governance. In addition, the committee pursues the objective of ensuring that effective policies and practices are adopted in the preparation of public financial information. The committee conducts reviews of audits of expenditure and major business risks that are undertaken by both internal and external auditors. It examines their respective plans and reports to ensure effectiveness. The external and internal auditors have unrestricted access to the chairman of the Audit Committee who is a non-executive director.

The committee's guidelines as contained in "The Role of the Audit Committee" are being reviewed and will be incorporated into a charter during the 2004 financial year.

Internal audit

The Group's internal audit department operates with full authority of the directors. The head of this department directly reports to the chairman of the Audit Committee and has unrestricted access to the chairman of the board and other members of the Audit Committee. The internal audit department performs a variety of activities that ultimately result in an examination and evaluation of the effectiveness of all operating sectors of the Group's businesses. Through this process, significant business risks are highlighted and the systems of operating and financial controls are monitored. All audit issues are brought to the attention of the Audit Committee and external auditors. Issues that require corrective action are discussed with senior management and acted upon with urgency under the auspices of the Audit Committee.

Internal control

The directors are of the opinion, based on the information and explanations given by management, the internal auditors and comment by the external auditors on the results of their audits, that the internal accounting controls are adequate, so that the financial records may be relied upon for the preparation of the financial statements and maintaining accountability for assets and liabilities.

The directors ensure that, in all material respects, assets are used as intended with appropriate authorisation. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of the controls, procedures and systems has occurred during the year under review.

Remuneration

The board appointed Operations Committee ensures appropriate levels of remuneration for senior management of the Group. This committee determines policy for individual remuneration and benefits to maintain a conformation policy which is both competitive and equitable. This committee comprises four executive directors. Directors of the Company are not remunerated for their services other than by way of directors' fees paid in terms of the Company's articles of association.

Employee participation

The Group has for many years entered into collective bargaining arrangements and recognition agreements with various employee organisations and unions.

Employment equity

Employment equity policies have been formulated at each of the Company’s operations which seek to promote the principles of respect for individual dignity, the maintenance of fair employment practices and the development of competent and committed employees. The development of skills is a critical issue, which is being implemented rapidly and yet thoroughly at each operation in order to address the widening gap between the supply of, and demand for, skilled labour.

The advancement of new and existing employees by means of employment equity can only succeed if this forms part of carefully managed and monitored succession and manpower plans that do not compromise the high standards which are a hallmark of the Group.

Employment equity plans and reports for each operation have been presented to the Department of Labour in accordance with legal requirements. These reports were developed in consultation with the recognised unions and other employees at each of the respective operations. An employment equity committee representing management and employees exists at each of the operations. Progress in implementing the equity plans and revising targets are done on a regular basis.

The following equity principles have been employed in formulating the policies referred to above:

- to ensure no unfair discrimination in employment;
- to treat all persons equally, fairly with dignity and respect;
- to achieve a diverse, efficient workforce that is equitably representative of the population in its operational area;
- to create opportunities for, and remove barriers to, human resource development;
- to involve employees and their representatives in employment equity matters;
- to comply with legislative requirements;
- to be an effective corporate partner of communities, government and other social stakeholders.

In compliance with Section 22 of the Employment Equity Act, the table below summarises the progress reports as submitted by the Company’s operating divisions to the Department of Labour, setting out their occupational categories as at 30 June 2003 compared to the 2005 target.

Occupational categories	30 June 2003			Target 2005	
	Designated groups	Non-designated groups	Employment equity percentage	Percentage designated groups	Percentage non-designated groups
Legislators, senior officials and managers	5	29	15	30	70
Professionals	32	39	45	40	60
Technicians and associate professionals	78	75	51	50	50
Clerks	159	23	87	80	20
Craft and related trade products	216	262	45	50	50
Plant and machine operators and assemblers	1 209	87	93	80	20
Elementary occupations	412	7	98		





(continued)

Risk Committee

The board has appointed the Operations Committee to assist it in the discharge of its duties in relation to risk matters, providing assurance that:

- the total process of risk management is effectively designed, implemented and monitored;
- the broader strategic and significant business risks facing the Group are identified together with attendant controls/management assurance;
- the process is integrated into the day-to-day activities of the Group; and
- ongoing consultation occurs between the board, the Audit Committee and the Group's risk management consultants.

Risk management

An independent formalised process of identifying, recording and reviewing the management of major risk exposures has been implemented assisted by specialised external consultants. Independent risk engineering consultants continue to grade each operation against international risk standards for fire, security, engineering, commercial crime, contingency planning and mining to monitor whether its practices meet the set criteria and are being maintained. This process ensures that appropriate financial and insurance mechanisms comprehensively protect the Group against catastrophe risk. Each operation is annually required to prepare a comprehensive risk report which is submitted to the Operations Committee.

Sustainable development

In creating value for shareholders, management is cognisant of its legal responsibilities towards its employees, the environment and the communities in which the Group's divisions operate. Safety, health, environment and community development activities are key considerations throughout the Group and the achievement of high and ever-improving standards in these areas is an integral part of all planning, construction and operational areas. To maintain high safety, health and environmental standards, the Operations Committee regularly reviews legal compliance and international best practice and its approach thereto is clearly defined by policy statements that have been communicated to all operations.

Safety

Employees undergo stringent safety training on procedures, use of equipment and operation of machinery and furnaces. Much attention is given to supervision and direction in reducing workplace accidents, fatalities and occupational health and hygiene related incidents through the application of regular measurement against legislated or regulatory requirements, reviews of accidents and current industry and international best practices.



Health

The HIV/AIDS pandemic is without doubt the most important health concern for all businesses in South Africa. It not only affects the productivity of all operations through illness, absenteeism and ultimately death, but also has an effect on the social environment of employees, their families and their communities.

Each operation has devised a comprehensive strategy to control the impact of the disease on its operations and on its global competitiveness, and to provide humanitarian support to its employees and their families.

Participation in initiatives to address HIV/AIDS is ongoing. Current policies include, inter alia, the education of the work force in terms of HIV/AIDS by way of an extensive education programme. This programme has also been taken to the schools and other institutions within the rural areas of the operating divisions. Regular surveys are also conducted to measure changing perspectives towards HIV/AIDS and voluntary peer education also takes place.

In addition, the Group continues to work closely with organisations collaborating with the Centre for International Health at Boston University. Risk and prevalence surveys at various Group operations have been conducted and have provided the Group with a statistically viable measurement of the HIV/AIDS prevalence stratified into age, job skill, division and area categories. They have also provided a baseline for assessing any future growth of the epidemic and the effectiveness of future HIV/AIDS prevention efforts.

The strategic plans for each operation can be broadly broken down into two sections:

- The prevention of future infection;
- Support systems for affected employees, which are structured around counselling services and health care services.

Environment

Mining and smelting activities by their very nature impact on the environment. The policy that the Group has adopted to manage the impact of its activities on the environment is intended to ensure that the Group at least meets the legal requirements imposed by environmental legislation.

To enhance its environmental performance the Group is committed to the active participation and involvement of stakeholders and a process of regular internal and external audits. In addition, the Group is implementing Environmental Management Systems that fulfil the requirements of the International Standard ISO 14001 at all its operations. The iron ore mines, manganese ore mines and the Machadodorp Works have already achieved this standard and those that have not are in the process of attaining it.

Community development

The Group invests one per cent of pre-tax profit before exceptional items into community development. A portion of these funds is used for initiating, supporting or participating in national projects and pilot schemes with potential for replication in other areas. The remainder of the funds is retained by the operations to address local needs. The general approach to community investment





(continued)

is to concentrate efforts in the area of education as it is believed that it is here that it can make a difference in the future of South Africa, as well as adding value to the Group by employing well educated and trained employees from their own communities. Most community investment programmes are well established and extensive rural networks with all the various stakeholders have resulted in a beneficial impact within the lives of the communities surrounding the Group's operations.

The challenge is to find a balance between channelling limited resources into activities with long-term benefits such as education and skills development, whilst at the same time addressing the more immediate needs for food and other relief. The Group's community investment strategy concentrates on the following areas:

- Education: Training and support of educators in the fields of mathematics, science and technology.
- Work creation: Technical and business skills training, access to start up resources and mentoring of emerging entrepreneurs.
- Welfare: Assistance to those who are not in a position to help themselves such as the frail aged, small children and the profoundly disabled.

Code of ethics

The Group is committed to the highest standards of integrity, behaviour and ethics in dealing with all its stakeholders. All directors and employees are required to maintain the highest ethical standards to ensure that the Group's business practices are conducted in a reasonable manner and to act in good faith and in the interests of the Group.

A code of ethics is being reviewed and will be submitted for board approval during early 2004.

Insider trading and closed periods

The Company operates a closed period prior to the publication of its interim and final results. During this period directors, officers and designated persons who may have access to price sensitive information, are precluded from dealing in the shares, securities or financial instruments of the Group. The closed period extends from the 15th of the month following the end of a reporting period or the financial year until the day of publication of the results. Where appropriate, dealing is also restricted during sensitive periods where major transactions are being negotiated and a public announcement is imminent.

Nominations Committee

A nominations committee has not been established as all directors are appointed to the Company's board by the two controlling shareholders. All other senior appointments are made in consultation with the Operations Committee.



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The annual financial statements and Group annual financial statements which appear on pages 22 to 50 were approved by the directors on 16 September 2003 and are signed on their behalf by:



Desmond Sacco
Chairman

16 September 2003



R P Menell
Deputy Chairman

16 September 2003

Certificate by Secretaries

We certify that the requirements as stated in Section 268G(d) of the Companies Act have been met and that all returns, as are required of a public company in terms of the aforementioned Act, have been submitted to the Registrar of Companies and that such returns are true, correct and up to date.

Anglovaal Mining Limited
Secretaries



per: **A Jepson**

16 September 2003

To the members of Assmang Limited

We have audited the annual financial statements and Group annual financial statements of Assmang Limited set out on pages 22 to 50 for the year ended 30 June 2003. 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. 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 Group at 30 June 2003, and the results of their operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, International Accounting Standards and in the manner required by the Companies Act in South Africa.



Ernst & Young

*Registered Accountants and Auditors
Chartered Accountants (SA)*

Johannesburg
16 September 2003



The directors have pleasure in submitting the annual financial statements of the Company and the Group for the year ended 30 June 2003.

Business of the Group

The Company mines manganese and iron ores in the Northern Cape Province and the major portion of its production is exported. The remainder is sold locally, mainly to the Company's ferromanganese division which produces manganese alloys at its works at Cato Ridge in the KwaZulu-Natal Province. The Company also mines chrome ore at Dwarsrivier, near Steelpoort, in the Mpumalanga Province. This mine supplies chrome ore to the Company's ferrochrome division which produces chrome alloys at its works at Machadodorp, in the Mpumalanga Province.

The Company's subsidiary, Cato Ridge Development Company Limited ("Cato Ridge Development"), owns and receives rentals from land and improvements thereon in the Cato Ridge area. Cato Ridge Alloys (Proprietary) Limited ("Cato Ridge Alloys"), a joint venture between the Company, Mizushima Ferroalloys Company Limited ("Mizushima") and Sumitomo Corporation ("Sumitomo") of Japan, produces refined ferromanganese at the Cato Ridge works. The major portion of the alloy products is exported.

The Company's shares are listed on the JSE.

Directors' responsibility relating to the annual financial statements

It is the directors' responsibility to prepare annual financial statements that fairly present the state of affairs and the results of the Company and the Group. The independent auditors are responsible for auditing and reporting on these annual financial statements.

The annual financial statements set out in this report have been prepared by management in accordance with South African Statements of Generally Accepted Accounting Practice and International Accounting Standards. They are based on appropriate accounting policies which have been consistently applied. The accounting policies are supported by reasonable and prudent judgements and estimates. The annual financial statements have been prepared on a going-concern basis and the directors have no reason to believe that the business will not be a going concern in the year ahead.

In fulfilling its responsibilities, management ensures that adequate accounting records are maintained and has developed and continues to maintain systems of internal accounting controls which are designed to provide reasonable, although not absolute, assurance as to the integrity and reliability of the annual financial statements and to adequately safeguard, verify and maintain the assets of the Group. These controls are monitored throughout the Group and nothing has come to the directors' attention to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred to the date of this report.

(continued)

Control

The Company's holding company is Anglovaal Mining Limited ("Avmin") but in terms of a long standing arrangement the Company is controlled jointly by Avmin (which holds 50,4 percent of the Company's issued share capital) and Assore Limited ("Assore") (which holds 45,7 percent of the Company's issued share capital).

Changes in accounting policies

No changes were made to the accounting policies during the year ended 30 June 2003. The policies stated in the annual financial statements are the same as those applied for the year ended 30 June 2002.

Financial

The results of operations for the year, details of dividends declared and transfers to distributable reserves are set out in the income statement and statements of changes in shareholders' equity.

The financial position of the Company and Group is set out in the balance sheets which contain information regarding capital, reserves and provisions.

Operations

Group operations for the year ended 30 June:

	2003	2002
	tons 000	tons 000
Ores and alloys despatched for export and sold locally were as follows:		
Iron ore	5 263	4 775
Manganese ore (excluding sales to Cato Ridge Works)	1 171	999
Chrome ore (excluding sales to Machadodorp Works)	20	39
Manganese alloys	206	187
Charge chrome	244	190
Total	6 904	6 190
	R000	R000
Group expenditure on fixed assets was as follows:		
Production facilities – iron ore mine	102 250	103 611
Production facilities – manganese ore mines	126 956	167 054
Production facilities – chrome mine	11 120	20 383
Alloy production	97 790	81 264
	338 116	372 312



Fatalities

The board regrets to report that five employees tragically lost their lives in four separate accidents at the Company's manganese and iron ore mines during the year under review.

Two of the fatalities occurred at the manganese mines during December 2002, when a 30 ton dump truck ran out of control down the Nchwaning III decline shaft fatally injuring two employees. In February 2003 another employee driving a continuous loading vehicle was fatally injured when control of the vehicle was lost.

Another two fatalities occurred at the iron ore division, one in December 2002, when an employee was struck on his right shoulder by a locomotive and another in March 2003 when an employee was trapped between a return idler and the main load-out conveyor.

The board extends its condolences to the bereaved families and friends.

Borrowing powers

In accordance with the Company's articles of association the borrowing powers of the Group at 30 June 2003 were limited to R2 289 million (R2 127 million). Group borrowings at that date totalled R524 million (R577 million).

Investments

Information regarding the Company's interests in subsidiaries and a jointly controlled entity is given in separate reports on pages 39 and 40 which form part of the annual financial statements.

Directorate

The names and details of the directors of the Company are reflected on page 4.

On 23 June 2003 Mr D N Murray tendered his resignation as a director of the Company and was succeeded by Mr D N Campbell on 31 July 2003. In terms of the Company's articles of association his appointment lapses on termination of the forthcoming annual general meeting. In addition, Messrs C J Cory, P C Crous and J C Steenkamp retire by rotation in terms of the articles of association at the forthcoming annual general meeting. All of the aforementioned directors being eligible, have offered themselves for re-election.

On 31 July 2003 Mr D N Campbell nominated Mr M J N Uys as his alternate and Mr R P Menell withdrew Mr B M Menell and nominated Mr G S Potgieter as his alternate.

There are no service contracts between the Company and any of its directors.

(continued)

Directors' emoluments

The undermentioned table discloses the only emoluments which were paid directly to the directors by the Company during the year under review.

All of the directors are employees of either one of the two controlling shareholders (Avmin and Assore) and are remunerated by the controlling shareholder concerned. The controlling shareholders are remunerated for these and other services the quantum of which is disclosed in note 27 on page 49 of the annual financial statements,

	Total 2003 R000	Total 2002 R000
Directors fees paid to		
Executive directors	144	109
R J Carpenter	36	36
P C Crous	36	36
J C Steenkamp *	36	36
B R Broekman *	36	1
Non-executive directors	158	193
D G Sacco (Chairman)	50	50
R P Menell *	36	36
D D de Beer *	–	11
G J Robbertze *	–	35
C J Cory	36	36
D N Murray *	36	25
Total	302	302

*Fees paid to Avmin

Interests of directors

The direct and indirect beneficial and deemed beneficial interests of the directors of the Company in the issued share capital of the Company at 30 June 2003 were as follows:

	Number of shares 30 June 2003		Number of shares 30 June 2002	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial
Executive director				
J C Steenkamp	–	400	–	400
Non-executive directors				
D G Sacco	1 400	400	1 400	400
B J Funston	–	400	–	400
Total	1 400	1 200	1 400	1 200

A register of directors' and officers' interests in contracts is available for inspection at the Company's registered office.



(continued)

Shareholder spread

The percentage of shares held by non-public shareholders at 30 June 2003, which was unchanged from that of the previous year, was as follows:

	Percentage
Non-public shareholders	
– Beneficial holders in excess of 10 per cent of the capital, being Avmin and Assore and certain of their subsidiaries and nominees	96,0
– Directors of the Company	<0,1
	96,1
Public shareholders	3,9
	100,0

Major shareholders

As at the date of this report, the following were the holders of more than five percent of the issued shares of the Company:

	Number	Percentage
Anglovaal Mining Limited	1 786 362	50,35
Assore Limited	1 620 214	45,67

Special resolution

There were no special resolutions passed by the Company during the period 1 July 2002 to the date of this report.

Events subsequent to year-end

On 27 August 2003 the board declared a final dividend of R5,00 per share which will be paid to shareholders on Monday, 22 September 2003.

The financial statements of the Group and Company are prepared on the historical cost convention, modified by the revaluation of certain financial instruments to fair value. Set out below are significant features of the Company's and the Group's accounting policies which are consistent with those applied in the previous year. These policies comply with the accounting standards issued by the International Accounting Standards Board and the South African Institute of Chartered Accountants.

Basis of consolidation

Subsidiary companies

Investments in subsidiaries are accounted for at cost less impairments. The results of subsidiaries are included in the Group financial statements from the date effective control was acquired and up to the date effective control ceases. All intra-group transactions and balances are eliminated on consolidation. Unearned profits that arise between Group entities are eliminated.

Joint ventures

Investments in jointly controlled entities are accounted for using the proportionate consolidation method. Entities are regarded as joint ventures where the Group, in terms of contractual agreements, has joint control over the financial and operating policy decisions of the enterprise. The Group's attributable share of the assets, liabilities, income and expenses of such jointly controlled entities is incorporated on a line-by-line basis in the Group financial statements.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or development of a qualifying asset that requires a substantial period of time to be prepared for its intended use are capitalised until such time that the asset is commissioned. Thereafter, these costs together with other borrowing costs are expensed. Discounts or premiums relating to borrowings are deferred and amortised over the term of the respective borrowing.

Deferred taxation

Deferred tax liabilities and assets are recognised on temporary differences between the book value and tax base of balance sheet items, including items with a tax base but no book value.

Deferred tax is not recognised when the transaction involves the initial recognition of an asset or liability which is not subject to a business combination, and at the time of the transaction, affects neither accounting nor taxable profit. Deferred tax assets are not recognised on negative goodwill and no deferred tax liability is recognised on goodwill for which amortisation is not deductible for tax purposes. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

Deferred tax is calculated at the applicable rate for mining and non-mining taxes.



(continued)

Environmental

Rehabilitation

Estimated long-term environmental obligations, comprising pollution control, rehabilitation and mine closure, are based on the Group's environmental management plans in compliance with current technology, environmental and regulatory requirements.

Decommissioning costs

The present value of estimated future decommissioning obligations at the end of the operating life of a mine is included in long-term provisions. The related decommissioning asset is capitalised in fixed assets when it gives access to future economic benefits. Charges related to the unwinding of the obligation are included in the income statement.

Restoration costs

The present value of the estimated cost of restoration caused by production to date is included in long-term provisions and charged to the income statement based on the units-of-production mined during the current year, as a proportion of the estimated total units which will be produced over the life of the mine.

Ongoing rehabilitation costs

Expenditure on ongoing rehabilitation is charged to the income statement as incurred.

Environmental rehabilitation trust fund

The Group makes annual contributions to a rehabilitation trust fund which was created to fund the estimated cost of pollution control, rehabilitation and mine closure at the end of the lives of the Group's mines. Annual contributions are determined on the basis of the estimated environmental obligation divided by the remaining life of a mine. Income earned on monies paid to the Trust is accounted for as net investment income.

Exploration expenditure

Exploration expenditure comprises expenditure incurred and advances made in respect of exploratory ventures, research programmes and other related projects. The costs of exploration programmes are expensed in the year in which they are incurred, except for expenditure on specific properties which have indicated the presence of a mineral resource with the potential of being developed into a mine, in which case the expenditures are capitalised and amortised in the same way as detailed in the Mine development and decommissioning accounting policy below. Where it is subsequently found that no potential exists to develop a mine, the capitalised costs are written off in full.

Financial instruments

Financial instruments recognised on the balance sheet consist primarily of cash on hand, balances with banks, deposits on call, money-market instruments, trade and other receivables, trade payables, borrowings and investments other than those in subsidiaries or associates. Initial recognition is at cost. Subsequent recognition is at fair value or at amortised cost. The recognition methods adopted are disclosed in the individual policy statements associated with each item.

(continued)

Financial investments

The book value of cash deposits with banks and money-market instruments which are subject to insignificant risk of changes in value are measured at cost. Negotiable instruments are recorded initially at cost and marked to market at reporting intervals. Any gain or loss arising from marking instruments to market, or a change from book value to fair value, is included in the determination of other net income.

Accounts receivable

Accounts receivable is stated at the gross invoice value adjusted for payments received and, where appropriate, provision for doubtful debts to reflect the fair value of the expected economic benefit.

Accounts payable

Accounts payable is stated at the initial recognised obligation less payments made and any adjustments made to reflect the fair value of the expected economic outflow of resources.

Forward exchange contracts

Forward exchange contracts are valued at the balance sheet date using the forward rate available at the balance sheet date for the remaining maturity period of the forward contract. Any gain or loss from valuing the contract against the contracted rate is recognised in the income statement. A corresponding forward exchange asset or liability is recognised.

On settlement of a forward exchange contract, any gain or loss is recognised in the income statement.

Impairment of assets

The carrying value of assets is reviewed at each balance sheet date to assess whether there is any indication of impairment. If any such indication exists, the recoverable amounts of the assets are estimated. Where the carrying value exceeds the estimated recoverable amount such assets are written down to their recoverable amount. If the circumstances leading to the impairment no longer exist, the appropriate portion of the impairment loss previously recognised is written back.

Intangible assets

Intangible assets are reflected at cost and are amortised on a straight-line basis over the anticipated useful lives of the assets up to a maximum of 20 years.

Research and development

Expenditure on research projects (or on the research phase of an internal project) is recognised as an expense when it is incurred. When the development phase of a project demonstrates that it is probable that future economic benefits will be generated, the related expenditure is recognised as an asset if all the following requirements have been met:

- the technical feasibility of completing the asset demonstrates that it will be available for use or sale;
- there is an ability to use or sell the asset;
- there are adequate technical, financial and other resources available to complete the development, and to use or sell the asset; and
- the expenditure attributable to the asset can be measured reliably.



(continued)

Property, plant and equipment

Tangible assets, other than land, are stated at cost less accumulated amortisation.

Land and buildings

Freehold land and buildings, other than mine properties, are reflected at cost. Land is not depreciated. Buildings on freehold land are depreciated on a straight-line basis over their estimated useful lives to an estimated residual value.

Mine development and decommissioning

Costs to develop new ore bodies, to define further mineralisation in existing ore bodies and to expand the capacity of a mine, or its current production, as well as the decommissioning thereof, are capitalised. Assets representing the future economic benefits relating to environmental rehabilitation provisions for decommissioning are recognised and capitalised when the obligation arises. Development costs to maintain production are expensed as incurred.

Mine development and decommissioning costs are amortised using the lesser of its estimated useful life or the units-of-production method based on proven and probable ore reserves. Proven and probable ore reserves reflect estimated quantities of economically recoverable reserves which can be recovered in future from known mineral deposits. These reserves are reassessed annually. Where the reserves are not determinable due to their scattered nature, the straight-line method of amortisation is applied based on the estimated life of the mine. The maximum period of amortisation using these methods is 25 years.

Mineral rights

Mineral rights that are being depleted are amortised over their estimated useful lives using the units-of-production method based on proven and probable ore reserves. Where the reserves are not determinable, due to their scattered nature, the straight-line method is applied. The maximum rate of depletion of any mineral right is 25 years. Mineral rights that are not being depleted are not amortised. Mineral rights that have no commercial value are written off in full.

The excess purchase price over the fair value paid for mineral rights is recognised as being an amount paid for the acquisition of ore reserves. This amount is capitalised and amortised over the period during which future economic benefits are expected to be obtained from these mineral rights, up to a maximum period of 25 years.

Plant and machinery

Mining plant and machinery is amortised using the lesser of its estimated useful life and life of mine, using the units-of-production method based on proven and probable ore reserves. Where ore reserves are not determinable, due to their scattered nature, the straight-line method of amortisation is applied.

Industrial plant and machinery is amortised over its estimated useful life. The maximum life of any single item is 25 years.

(continued)

Other

Properties (including houses, schools and administration blocks), motor vehicles, furniture and equipment are reflected at cost less accumulated amortisation calculated on the straight-line basis over their expected useful lives, to estimated residual values. The residual value is the amount expected to be obtained for the asset at the end of its useful life, after deducting expected costs of disposal.

The annual amortisation rates generally used in the Group are:

Buildings	– between 2 and 5 percent;
Mine properties	– lesser of life of mine and expected useful life of the asset;
Other properties	– expected useful life of the asset;
Motor vehicles	– 20 percent;
Furniture and equipment	– 10 to 33 percent.

Note: Life of mine estimates are reviewed annually and amortisation rates are adjusted accordingly.

Foreign currency translations

Transactions in foreign currencies are converted to South African rand at the rate of exchange ruling at the date of these transactions. Monetary assets and liabilities denominated in a foreign currency at the end of the financial year are translated to rand at the approximate rates ruling at that date.

Inventories

Inventories are valued at the lower of cost and estimated net realisable value with due allowance being made for obsolete and slow-moving items. Cost is determined using the following bases:

- Consumables, stores and maintenance spares are valued at average cost.
- Finished products are valued at weighted average cost including an appropriate portion of direct overhead costs.
- Raw materials are valued at weighted average cost.
- Slow moving stocks are valued at the lower of actual cost of production and net realisable value.

Leased assets

Leases of fixed and tangible assets where the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liability to the lessor is raised. Lease payments are allocated using the effective interest rate method to determine the lease finance cost, which is charged against operating profit, and the capital repayment which reduces the liability to the lessor. These assets are depreciated on the same basis as the fixed assets owned by the Group.





(continued)

Employee benefits

Current service contributions in respect of defined contribution pension plans are expensed as incurred.

The Group has certain liabilities in respect of post-retirement medical health care benefits. The entitlement to these benefits is dependent upon the employee remaining in service until retirement age. The actuarially determined costs of providing these benefits are charged to income as incurred.

Provisions

Provisions are recognised when:

- a present legal or constructive obligation exists as a result of past events where it is probable that a transfer of economic benefits will be required to settle the obligation, and
- a reasonable estimate of the obligation can be made.

A present obligation is considered to exist when the Group has no realistic alternative but to make the transfer of economic benefits. The amount recognised as a provision is the best estimate at the balance sheet date of the expenditure required to settle the obligation. Only expenditure related to the purpose for which the provision was raised is charged to the provision.

Revenue recognition

Revenue is recognised when the risks and rewards of ownership in the goods have been transferred and when the economic benefits associated with a transaction will flow to the Group and the amount of revenue can be measured reliably on the following bases:

Ores and alloys

Revenue from the sale of ores and alloys is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

Interest

Interest is recognised on a time proportion basis that takes account of the effective yield on the asset, and an appropriate accrual is made at each accounting reference date.

Turnover

Turnover represents the F.O.B. or C.I.F. sales value of ores and alloys exported and the F.O.R. sales value of ores and alloys sold locally.

Dividends declared

Dividends and related taxation thereon at reporting intervals are deducted from shareholders' equity in the period in which the dividend is declared.



(continued)

Definitions*Cash and cash equivalents*

Cash and cash equivalents include cash on hand and at bank and exclude bank overdrafts.

Attributable earnings per share

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

Headline earnings per share

Headline earnings comprise net profit for the year, adjusted for profits, losses on the disposal of items of a capital nature which is in accordance with South African Institute of Chartered Accountants circular 7/2002 on headline earnings. The adjusted earnings figure is divided by the weighted average number of shares in issue to arrive at headline earnings per share.

Dividends per share

Dividends paid for the year divided by the number of ordinary shares in issue.



as at 30 June 2003

	Note	GROUP		COMPANY	
		2003 R000	2002 R000	2003 R000	2002 R000
ASSETS					
Non-current assets					
		2 097 272	1 899 422	2 102 594	1 903 361
Property, plant and machinery	1	2 066 085	1 871 049	2 039 042	1 843 219
Intangible assets	2	6 113	6 784	915	1 245
Deferred tax assets	8	12 006	11 204	-	-
Environmental rehabilitation trust fund		13 068	10 385	13 068	10 385
Investment in subsidiaries	3			11 347	10 290
Investment in joint venture	4			38 222	38 222
Current assets					
		1 529 414	1 439 226	1 474 319	1 396 587
Inventories	5	829 772	709 936	802 116	680 278
Trade and other receivables		696 480	714 413	669 278	702 082
Cash and cash equivalents		3 162	14 877	2 925	14 227
		3 626 686	3 338 648	3 576 913	3 299 948
EQUITY AND LIABILITIES					
Capital and reserves					
Ordinary share capital	6	1 774	1 774	1 774	1 774
Share premium		11 611	11 611	11 611	11 611
Retained earnings		2 275 130	2 113 869	2 281 860	2 131 975
Shareholders' equity		2 288 515	2 127 254	2 295 245	2 145 360
Non-current liabilities					
		483 616	411 690	473 075	407 185
Long-term borrowings	7	3	692	3	692
Deferred tax liabilities	8	447 768	379 801	437 227	375 296
Long-term provisions	9	35 845	31 197	35 845	31 197
Current liabilities					
		854 555	799 704	808 593	747 403
Short-term provisions	10	11 355	11 108	11 355	11 108
Trade and other payables	11	298 649	176 473	281 488	171 268
Amount owing to subsidiary				4 781	4 781
Taxation		20 515	35 274	20 484	35 350
Overdrafts and short-term borrowings	12	524 036	576 849	490 485	524 896
		3 626 686	3 338 648	3 576 913	3 299 948

⇒ INCOME statements

for the year ended 30 June 2003

	Note	GROUP		COMPANY	
		2003 R000	2002 R000	2003 R000	2002 R000
Revenue		2 918 908	2 858 118	2 847 936	3 100 689
Turnover		2 904 483	2 809 352	2 836 758	2 773 092
Cost of sales		2 308 403	1 921 636	2 268 691	1 901 213
Gross profit		596 080	887 716	568 067	871 879
Other operating income		13 119	45 248	11 178	40 323
Other operating expenses		219 895	174 590	213 586	165 895
Profit from operations	15	389 304	758 374	365 659	746 307
Dividend received from subsidiary	16			–	217 758
Interest received		1 306	3 518	1 217	3 369
Finance costs		56 883	72 160	49 784	66 567
Profit before exceptional item		333 727	689 732	317 092	900 867
Exceptional item	17	–	543 720	–	543 720
Profit before taxation and State's share of profit		333 727	1 233 452	317 092	1 444 587
Taxation and State's share of profit	18	129 888	246 911	124 629	245 832
Net profit for the year		203 839	986 541	192 463	1 198 755
Earnings per share (cents)					
– attributable		5 745	27 804	5 424	33 785
– headline	19	5 745	12 467	5 424	18 449
Dividends per share (cents)		1 200	1 350	1 200	1 350
Number of shares in issue (thousands)					
– weighted average		3 548	3 548	3 548	3 548
– at year end		3 548	3 548	3 548	3 548



⇒ CASH FLOW statements

for the year ended 30 June 2003

	Note	GROUP		COMPANY	
		2003 R000	2002 R000	2003 R000	2002 R000
CASH FLOW FROM OPERATING ACTIVITIES					
Cash receipts from customers		2 919 327	2 481 525	2 864 532	2 482 103
Cash paid to suppliers and employees		2 365 491	2 071 367	2 335 955	1 871 367
Cash generated from operations	22	553 836	410 158	528 577	610 736
Interest received		1 306	3 518	1 217	3 369
Finance costs		(56 883)	(72 160)	(49 784)	(66 567)
Dividends paid		(42 578)	(47 901)	(42 578)	(47 901)
Taxation paid	24	(77 480)	(131 058)	(77 564)	(131 058)
Net cash inflow from operating activities		378 201	162 557	359 868	368 579
CASH FLOW FROM INVESTING ACTIVITIES					
Additions to fixed assets to maintain operations		(338 116)	(280 809)	(336 715)	(486 313)
Additions to fixed assets to expand operations		–	(91 503)	–	(91 503)
Proceeds on disposal of fixed assets and township property and improvements		1 702	432	1 700	432
Proceeds from the sale of platinum group metal mineral rights		–	543 720	–	543 720
Increase in long-term receivables		–	–	(1 055)	–
Net cash (outflow)/inflow from investing activities		(336 414)	171 840	(336 070)	(33 664)
CASH FLOW FROM FINANCING ACTIVITIES					
Long-term borrowings repaid		(49)	(1 910)	(49)	(1 318)
Decrease in short-term borrowings		(53 453)	(333 147)	(35 051)	(328 972)
Net cash outflow from financing activities		(53 502)	(335 057)	(35 100)	(330 290)
Net (decrease)/increase in cash and cash equivalents		(11 715)	(660)	(11 302)	4 625
Restated opening balance		14 877	15 537	14 227	9 602
On acquisition of subsidiary's assets and liabilities		–	–	–	9 203
Cash and cash equivalents at beginning of year		14 877	15 537	14 227	399
Cash and cash equivalents at end of year		3 162	14 877	2 925	14 227

⇒ **STATEMENTS** of changes in shareholders equity

for the year ended 30 June 2003

	GROUP		COMPANY	
	2003 R000	2002 R000	2003 R000	2002 R000
Share capital and premium				
Balance at beginning of year	13 385	13 385	13 385	13 385
Balance at end of year	13 385	13 385	13 385	13 385
Retained earnings				
Balance at beginning of year	2 113 869	1 175 229	2 131 975	981 121
Earnings per income statement	203 839	986 541	192 463	1 198 755
Ordinary dividends	(42 578)	(47 901)	(42 578)	(47 901)
No 124 totalling 500 cents per share		(17 741)		(17 741)
No 125 totalling 850 cents per share		(30 160)		(30 160)
No 126 totalling 700 cents per share	(24 837)		(24 837)	
No 127 totalling 500 cents per share	(17 741)		(17 741)	
Balance at end of year	2 275 130	2 113 869	2 281 860	2 131 975



⇒ NOTES to the financial statements

for the year ended 30 June 2003

	Mine develop- ment	Plant and machinery	Land and buildings	Mine properties	Mineral rights	Furniture equipment and vehicles	Leased* assets capitalised	2003 Total	2002 Total
1. PROPERTY, PLANT AND MACHINERY									
Group – R000									
Cost									
Balance at beginning of year	657 385	1 133 421	157 487	73 867	180 595	213 374	1 686	2 417 815	2 048 050
Additions	136 349	93 196	11 361	23 755	–	73 455	–	338 116	368 817
Reclassifications	–	–	–	–	–	1 301	(1 301)	–	3 092
Disposals	–	(1 708)	–	–	–	(59)	–	(1 767)	(2 144)
Balance at year end	793 734	1 224 909	168 848	97 622	180 595	288 071	385	2 754 164	2 417 815
Accumulated depreciation									
Balance at beginning of year	76 661	286 511	24 755	19 145	6 752	132 333	609	546 766	433 203
Charge for the year	22 170	71 919	5 810	5 252	4 392	31 778	59	141 380	115 609
Reclassifications	–	191	(457)	–	–	631	(365)	–	–
Disposals	–	(28)	–	–	–	(39)	–	(67)	(2 046)
Balance at year end	98 831	358 593	30 109	24 397	11 144	164 703	303	688 079	546 766
Carrying value at 30 June	694 903	866 316	138 739	73 226	169 451	123 368	82	2 066 085	1 871 049
Company – R000									
Cost									
Balance at beginning of year	657 385	1 100 540	158 750	71 013	178 412	212 960	1 687	2 380 747	1 220 621
Additions	136 349	96 171	11 230	23 756	–	69 209	–	336 715	1 159 177
Reclassifications	–	–	–	–	–	1 301	(1 301)	–	3 092
Disposals	–	(1 706)	–	–	–	(59)	–	(1 765)	(2 143)
Balance at year end	793 734	1 195 005	169 980	94 769	178 412	283 411	386	2 715 697	2 380 747
Accumulated depreciation									
Balance at beginning of year	76 661	277 523	24 737	19 145	6 752	132 100	610	537 528	219 450
Charge for the year	22 170	70 406	4 922	5 252	4 392	31 993	59	139 194	320 124
Reclassifications	–	–	–	–	–	365	(365)	–	–
Disposals	–	(28)	–	–	–	(39)	–	(67)	(2 046)
Balance at year end	98 831	347 901	29 659	24 397	11 144	164 419	304	676 655	537 528
Carrying value at 30 June	694 903	847 104	140 321	70 372	167 268	118 992	82	2 039 042	1 843 219

*Equipment with a net book value of R385 000 (2002: R1 686 000) is encumbered as security for the finance lease agreements referred to in note 7.

Borrowing costs

Borrowing costs amounting to R6 216 000 were capitalised in respect of the year to 30 June 2003 (2002: R Nil). Borrowing costs are capitalised at the prime overdraft rates applicable during the year.

A register containing details of land and buildings is available for inspection during business hours at the registered address of the Company by members or their duly authorised agents.

	GROUP		COMPANY	
	2003 R000	2002 R000	2003 R000	2002 R000
2. INTANGIBLE ASSETS				
Cost				
Balance at beginning of year	8 979	8 576	1 776	–
Additions	–	3 495	–	4 868
Reclassifications	–	(3 092)	–	(3 092)
Balance at year end	8 979	8 979	1 776	1 776
Accumulated depreciation				
Balance at beginning of year	2 195	1 117	531	–
Charge for the year	671	1 078	330	531
Reclassifications	–	–	–	–
Balance at year end	2 866	2 195	861	531
Carrying value at 30 June	6 113	6 784	915	1 245

3. INVESTMENT IN SUBSIDIARIES

Name and nature of business	Book value of the Company's interests							
	Issued capital		Interest in capital		Shares		Indebtedness	
	2003 R000	2002 R000	2003 %	2002 %	2003 R000	2002 R000	2003 R000	2002 R000
Feralloys Limited – dormant	2 900	2 900	100	100	4 781	4 781	–	–
Cato Ridge Development Company Limited – township development	1 950	1 950	100	100	1 520	1 520	5 046	3 989

Company's aggregate interest in the losses, after taxation of subsidiaries was R895 000 (2002: R1 279 000).

All subsidiaries are incorporated and carry on operations in the Republic of South Africa.



⇒ **NOTES** to the financial statements

for the year ended 30 June 2003

	GROUP		COMPANY	
	2003 R000	2002 R000	2003 R000	2002 R000
4. INVESTMENT IN JOINT VENTURE				
The Company has a 50 per cent interest in Cato Ridge Alloys (Proprietary) Limited, which is controlled jointly by the Company, Mizushima and Sumitomo and whose business is the production of refined ferromanganese.				
Included in the Group financial statements are the following amounts relating to the joint venture which were proportionately consolidated.				
Income statement				
Turnover	147 862	97 768		
Profit for the year after taxation	13 741	5 783		
Balance sheet				
Fixed assets	29 337	30 438		
Current assets	74 526	63 561		
Current liabilities	26 030	17 392		
Short-term borrowings	33 550	51 952		
Cash flows				
Net cash outflow from operating activities	(21 570)	(1 480)		
Net cash outflow from investing activities	(1 401)	(986)		
Net cash inflow from financing activities	20 708	5 763		
Cash and cash equivalents	69	608		
There are no commitments for future capital expenditure or for contingent liabilities relating to the Company's interest in the joint venture.				
5. INVENTORIES				
Raw materials	425 597	369 153	425 502	369 078
Consumable stores	60 646	47 873	57 714	45 772
Finished goods	343 529	292 910	318 900	265 428
	829 772	709 936	802 116	680 278
6. SHARE CAPITAL				
Authorised				
3 636 260 ordinary shares of 50 cents each	1 818	1 818	1 818	1 818
63 740 unclassified shares of 50 cents each	32	32	32	32
	1 850	1 850	1 850	1 850
Issued				
3 548 206 ordinary shares of 50 cents each	1 774	1 774	1 774	1 774

	GROUP		COMPANY	
	2003 R000	2002 R000	2003 R000	2002 R000
7. LONG-TERM BORROWINGS				
South African long-term borrowings				
Secured loans	56	1 011	56	1 011
Finance lease liabilities over fixed assets with a book value of R385 000 (2002: R1 686 000) are repayable in varying monthly instalments over 24 months (2002: 48 months) and bear interest at 1% below the prime overdraft rate.				
Foreign long-term borrowings				
Unsecured loans – US\$ Nil (2002: US\$0,2 million)	–	2 306	–	–
Total borrowings	56	3 317	56	1 011
Less: Repayable within one year included in short-term borrowings (refer note 12)	53	2 625	53	319
	3	692	3	692
Interest payable and repayments				
	Rate of interest	Total borrowings	Repayable during the years ending 30 June	
Group		2003 R000	2004 R000	2005 R000
Finance lease liabilities	1% below the prime overdraft rate	56	53	3



⇒ **NOTES** to the financial statements

for the year ended 30 June 2003

	GROUP		COMPANY	
	2003 R000	2002 R000	2003 R000	2002 R000
8. DEFERRED ASSETS AND LIABILITIES				
Net deferred tax opening balance	368 597	260 837	375 296	229 565
– deferred tax assets	(11 204)	(27 558)	–	(6 843)
– deferred tax liabilities	379 801	288 395	375 296	236 408
On acquisition of subsidiary's assets and liabilities			–	39 098
Movement during the year	67 165	107 760	61 931	106 633
Reversing temporary difference from assessed loss	6 422	2 921	–	–
Originating temporary difference on fixed assets	62 788	107 196	63 330	111 135
Temporary difference from provisions made	(787)	(774)	(787)	(3 863)
Temporary difference from valuation of inventories	(629)	(1 377)	–	–
Other	(629)	(206)	(612)	(639)
Net deferred tax closing balance	435 762	368 597	437 227	375 296
– deferred tax assets	(12 006)	(11 204)	–	–
– deferred tax liabilities	447 768	379 801	437 227	375 296
Consisting of:				
Accelerated depreciation for tax purposes	457 526	394 738	450 955	387 625
Assessed losses utilised	(4 782)	(11 204)	–	–
Provisions made, deductible only when costs are incurred/paid	(13 118)	(12 331)	(13 118)	(12 331)
Valuation of inventories	(3 237)	(2 608)	–	–
Other	(627)	2	(610)	2
	435 762	368 597	437 227	375 296
9. LONG-TERM PROVISIONS				
Provision for decommissioning				
Balance at beginning of year	10 096	8 361	10 096	8 361
Provision for the year	1 515	1 735	1 515	1 735
Balance at year end	11 611	10 096	11 611	10 096
Provision for restoration				
Balance at beginning of year	5 078	4 034	5 078	1 486
On acquisition of subsidiary's assets and liabilities			–	2 548
Provision for the year	1 622	1 044	1 622	1 044
Balance at year end	6 700	5 078	6 700	5 078
Post-retirement health care benefits				
Balance at beginning of year	16 023	14 334	16 023	4 000
On acquisition of subsidiary's assets and liabilities			–	10 334
Provision for the year	1 511	1 689	1 511	1 689
Balance at year end	17 534	16 023	17 534	16 023
Total long-term provisions at year end	35 845	31 197	35 845	31 197

	GROUP		COMPANY	
	2003 R000	2002 R000	2003 R000	2002 R000
10. SHORT-TERM PROVISIONS – LEAVE PAY				
Balance at beginning of year	11 108	12 166	11 108	7 262
On acquisition of subsidiary's assets and liabilities			–	4 904
Provision for the year	836	2 463	836	2 463
Less payments made during the year	589	3 521	589	3 521
Balance at year end	11 355	11 108	11 355	11 108
11. TRADE AND OTHER PAYABLES				
Trade payables	294 544	153 895	277 383	153 871
Other payables	4 105	22 578	4 105	17 397
Balance at year end	298 649	176 473	281 488	171 268
12. OVERDRAFTS AND SHORT-TERM BORROWINGS				
Overdrafts and short-term borrowings	523 983	574 224	490 432	524 577
Current portion of long-term borrowings (Note 7)	53	2 625	53	319
Balance at year end	524 036	576 849	490 485	524 896
13. CAPITAL COMMITMENTS				
Approved by directors				
– contracted for	109 323	137 008	109 323	137 008
– not contracted for	233 014	560 044	233 014	560 044
	342 337	697 052	342 337	697 052
It is anticipated that this expenditure which relates wholly to plant and equipment will be incurred over a two year period and will be financed from own resources and borrowing facilities.				
14. BORROWING CAPACITY				
The borrowing capacity of the Group in terms of its articles of association, is as follows:				
Borrowing capacity	2 288 515	2 127 254		
Borrowings				
– long-term	3	692		
– overdrafts and short-term	524 036	576 849		
Unutilised borrowing capacity	1 764 476	1 549 713		
The borrowing powers of the Group are limited to the aggregate of the issued and paid up share capital and share premium of the Company and the consolidated retained earnings.				



⇒ **NOTES** to the financial statements

for the year ended 30 June 2003

	GROUP		COMPANY	
	2003	2002	2003	2002
	R000	R000	R000	R000
15. PROFIT FROM OPERATIONS				
Profit from operations includes:				
Surplus on disposal of fixed assets	22	432	22	432
Unrealised foreign exchange loss	16 126	9 266	16 126	9 266
Realised foreign exchange losses/(gains)	97 456	(2 974)	99 354	1 344
Remuneration for:				
– technical advisory services	4 737	6 946	4 737	6 946
– secretarial, management, administrative, technical and advisory services	63 531	51 170	63 531	51 170
Amortisation and depreciation	142 051	116 687	139 524	320 655
– mine development	22 170	22 758	22 170	22 758
– plant and machinery – owned	71 919	64 677	70 406	233 316
– leased	59	339	59	948
– land and buildings	5 810	3 430	4 922	22 342
– mine properties and buildings	5 252	2 932	5 252	4 473
– mineral rights	4 392	2 618	4 392	2 618
– furniture, equipment and motor vehicles	31 778	18 855	31 993	33 669
– intangible assets	671	1 078	330	531
Auditors' remuneration	2 257	2 376	2 169	2 326
– audit fees	1 877	2 268	1 789	2 218
– other services	380	108	380	108
Directors' emoluments for services as directors			302	302
– executive			144	109
– non-executive			158	193
Exploration expenditure	2 912	5 491	2 912	5 491
Johannesburg Securities Exchange fees	105	117	105	117
Movements in provisions				
– long-term	4 648	4 468	4 648	17 350
– short-term	836	2 463	836	3 846
Contractors' fees	1 346	1 177	1 346	1 177
Staff costs				
– salaries and wages	307 737	258 312	307 737	258 312
– pension fund contributions	23 664	16 331	23 664	16 331
– health care	12 727	9 211	12 727	9 211

⇒ **NOTES** to the financial statements

	GROUP		COMPANY	
	2003 R000	2002 R000	2003 R000	2002 R000
16. DIVIDEND RECEIVED FROM SUBSIDIARY				
Gross dividend received			–	283 905
Less: investment in subsidiary written off			–	66 147
Net dividend received			–	217 758
17. EXCEPTIONAL ITEM				
Proceeds on disposal of Dwarsrivier platinum group metal mineral rights	–	551 000	–	551 000
Expenses	–	7 280	–	7 280
Net proceeds	–	543 720	–	543 720
18. TAXATION				
South African normal taxation				
– current year	35 038	101 195	35 015	101 243
– prior year (over)/under provision	(2 335)	3 734	(2 337)	3 734
State's share of profits	24 699	30 452	24 699	30 452
Deferred taxation				
– temporary differences	67 165	107 760	61 931	106 633
Secondary tax on companies	5 321	3 770	5 321	3 770
	129 888	246 911	124 629	245 832
Reconciliation of rate of taxation:	%	%	%	%
Standard rate of company taxation	30,0	30,0	30,0	30,0
Adjusted for:				
Prior year adjustments	(0,7)	0,4	(0,7)	0,3
Exempt income	(0,7)	(13,2)	(0,8)	(15,7)
Effect of mining taxes	8,2	2,5	8,7	2,1
Secondary tax on companies	1,6	0,3	1,7	0,3
Other	0,5	–	0,4	–
Effective rate of taxation	38,9	20,0	39,3	17,0
The estimated losses which are available for the reduction of future taxable income are,	15 874	37 348	–	–
of which,	15 874	37 348	–	–
has been taken into account in calculating deferred taxation.				
The unredeemed capital expenditure available for reduction against future taxable income is estimated at	486 263	474 761	486 263	474 761
The Group has no unused credits in respect of secondary tax on companies (2002: Nil).				
The latest tax assessment received for the Company relates to the year ended 30 June 1999 and is dated 19 June 2000. The 2000, 2001 and 2002 tax returns have yet been submitted to the revenue authorities, but not yet assessed.				



for the year ended 30 June 2003

	GROUP		COMPANY	
	2003	2002	2003	2002
	R000	R000	R000	R000
19. HEADLINE EARNINGS				
Earnings per income statement	203 839	986 541	192 463	1 198 755
Adjusted for profit on sale of fixed assets	22	432	22	432
Exceptional item	-	543 720	-	543 720
Headline earnings	203 817	442 389	192 441	654 603

20. RETIREMENT BENEFIT INFORMATION

The Group has made provision for pension plans covering all employees. These comprise a defined contribution pension fund, which is governed by the Pension Fund Act, 1956, and two defined contribution provident funds administered by employee organisations within the industries in which members are employed. The contributions paid by the Group for retirement benefits are charged to the income statement as they are incurred.

The benefits provided by the defined contribution plan are determined by accumulated contributions and returns on investment.

Reviews of the plans are carried out by independent actuaries at regular intervals.

Members contribute 7,5% and the Company 12,5% of pensionable salaries to the funds.

21. POST-RETIREMENT HEALTH CARE BENEFITS

The Group has obligations to fund a portion of certain retiring employees' medical aid contributions based on the cost of benefits. The anticipated liabilities arising from these obligations have been actuarially determined using the projected unit credit method, and a corresponding liability has been raised.

The liability is assessed periodically by an independent actuarial survey. This survey uses the following principal actuarial assumptions:

- a discount rate of 15%, based on high quality corporate bonds;
- an increase in health care costs at a rate of 12,0%.

The provisions raised in respect of post-retirement health care benefits amounted to R17,534 million (2002: R16,023 million) at the end of the year. Of this amount, R1,511 million (2002: R1,698 million) was charged against income in the current year (refer to note 9).

The liabilities raised are based on the present values of the post-retirement benefits and have been recognised in full. The most recent actuarial valuation was conducted at 31 July 2003.

	GROUP		COMPANY	
	2003	2002	2003	2002
	R000	R000	R000	R000
22. RECONCILIATION OF NET PROFIT BEFORE TAX TO CASH GENERATED FROM OPERATIONS				
Profit from operations	389 304	758 374	365 659	746 307
Adjusted for:	160 385	126 795	157 858	330 762
– depreciation on fixed assets	142 051	116 687	139 524	320 655
– surplus on disposal of fixed assets	(22)	(432)	(22)	(432)
– long and short-term provisions	5 484	7 360	5 484	3 410
– unrealised foreign exchange loss	16 126	9 266	16 126	9 266
– other non-cash flow items	(3 254)	(6 086)	(3 254)	(2 137)
Operating profit before working capital changes	549 689	885 169	523 517	1 077 069
Increase in inventories	(119 836)	(145 125)	(121 838)	(137 118)
Decrease/(increase) in receivables	1 807	(372 975)	16 678	(371 100)
Increase in payables	122 176	43 089	110 220	41 885
Cash generated from operations	553 836	410 158	528 577	610 736
23. PURCHASE CONSIDERATION FOR FERALLOYS ASSETS & LIABILITIES				
Fixed assets				586 624
Investments				42 340
Current assets				540 763
Inventories				294 562
Trade and other receivables				236 998
Cash				9 203
Deferred tax				(39 098)
Provisions				(12 882)
Long - term liabilities				(143)
Current liabilities				(828 918)
Short - term provisions				(4 904)
Trade and other payables				(82 164)
Taxation				(18 976)
Overdrafts				(722 874)
Carrying Value				288 686
Loan to finance acquisition				288 686
Dividend paid				(283 905)
Amount owing to subsidiary			–	4 781
24. TAXATION PAID				
Balance due at beginning of year – normal taxation (net)	(35 274)	(27 181)	(35 350)	(8 233)
On acquisition of subsidiary's assets/liabilities			–	(18 976)
Amounts charged to the income statement	(129 888)	(246 911)	(124 629)	(245 832)
Adjustment for deferred taxation	67 167	107 760	61 931	106 633
Balance due at year end	20 515	35 274	20 484	35 350
	(77 480)	(131 058)	(77 564)	(131 058)



for the year ended 30 June 2003

25. SEGMENT INFORMATION

The Group's primary segment reporting format is by business segment and its secondary reporting format is by the geographical location of customers.

Business segment

The directors consider that there is only one business segment, being the mining of manganese, chome and iron ores and the production of manganese and chrome alloys.

For management purposes, the Group is organised into three major operating divisions namely iron, manganese and chrome.

R000	Iron Ore Division	Manganese Division	Chrome Division	Total
Primary segmental information				
Year to 30 June 2003				
Turnover	687 029	1 494 608	722 846	2 904 483
Contribution to earnings	53 691	285 955	(135 807)	203 839
Contribution to headline earnings	53 691	285 933	(135 807)	203 817
Other information				
Consolidated total assets	789 455	1 559 305	1 277 926	3 626 686
Consolidated total liabilities	203 675	295 089	839 407	1 338 171
Capital expenditure	102 250	183 314	52 552	338 116
Depreciation	41 391	56 294	44 366	142 051
Primary segmental information				
Year to 30 June 2002				
Turnover	730 046	1 473 493	605 813	2 809 352
Contribution to earnings	135 049	347 170	504 322	986 541
Contribution to headline earnings	135 049	346 738	(39 398)	442 389
Other information				
Consolidated total assets	696 766	1 429 678	1 212 204	3 338 648
Consolidated total liabilities	169 562	402 608	639 224	1 211 394
Capital expenditure	140 412	103 610	128 290	372 312
Depreciation	37 228	48 240	31 219	116 687

Note: Earnings include Secondary Tax on Companies (STC) amounting to R5 321 000 (2002: R3 770 000).

Geographical segment: by location of customers:

An analysis of the geographical locations to which product is supplied is set out below:

	Group revenue by segment		Group receivables by segment	
	2003 R000	2002 R000	2003 R000	2002 R000
South Africa	170 216	167 188	40 615	41 790
Europe	937 205	846 906	223 626	211 692
USA	570 788	487 011	136 196	121 733
Far East	1 187 127	1 289 851	283 260	322 410
Other	53 572	67 162	12 783	16 788
	2 918 908	2 858 118	696 480	714 413

26. CONTINGENT LIABILITY

The Group has issued a back to back guarantee to Assore Limited in respect of guarantees issued to bankers by Assore to secure a short-term export finance agreement facility of R180 million (2002: R180 million).

Short-term export finance loans negotiated by Assore in terms of the above facility in the ordinary course of business at year end were Rnil (2002: R12 785 000).

		COMPANY	
		2003	2002
		R000	R000
27. RELATED PARTY TRANSACTIONS			
Related party transactions are concluded at arm's length and under terms and conditions that are no less favourable than those arranged with third parties.			
The following significant related party transactions occurred during the year:			
Anglovaal Mining Limited	– fees for provision of services	62 844	56 815
Assore Limited	– fees for provision of services	74 672	78 235
Two Rivers Platinum (Pty) Limited (55% held by Avmin)	– proceeds from the sale of platinum group metal mineral rights	–	551 000

28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group is exposed to various financial risks related to the use of financial instruments in the normal course of its operations, however it does not acquire, hold or issue any derivative instruments for speculative purposes. A treasury risk management committee has been established by the Group to manage these risks.

The following risks occur and are managed through the policies adopted below:

CURRENCY RISK

The Group's markets are predominantly priced in US Dollars which exposes the Group's cash flows to foreign exchange currency risks. Where considered appropriate, these risks are hedged using forward exchange contracts.

The extent to which foreign currency receivables are covered by forward exchange contracts is continuously reviewed in the light of changes in operational forecasts and market conditions and the Group's hedging policy. There were no outstanding forward exchange contracts at year end (2002: nil).

CREDIT RISK

Credit risk arises from possible defaults on payments by customers or bank counterparties where letters of credit have been issued. The Group minimises credit risk by careful evaluation of the ongoing credit worthiness of the Group's customers and bank counterparties before any transactions are concluded. Cash is only deposited with institutions which have exceptional credit rankings with the amounts distributed appropriately among these institutions to minimise credit risk through diversification.

At year end, the Group did not consider that there was any significant concentration of credit risk which has not been adequately provided for.

LIQUIDITY RISK

Liquidity risk is the risk that the Group will be unable to meet a financial commitment in any location or currency as they fall due. This risk is controlled and monitored by the preparation of detailed cash flow forecasts and budgets which are reviewed by management.

Banking facilities are established in advance with reputable banks to ensure that forecast cash flow shortfalls can be met from borrowings.



for the year ended 30 June 2003

28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

FAIR VALUE RISK

The estimated fair value of the Group's financial instruments as at 30 June 2003 and from 30 June 2002 are estimated to approximate book values.

INTEREST RATE RISK

Fluctuations in interest rates give rise to interest rate risks through the impact these fluctuations have on the value of short-term cash investments and financing activities.

Interest rates are continually monitored to minimise the impact thereof.

Cash is managed to ensure that surplus funds are invested in a manner to achieve maximum returns while minimising risks.

Exposures to interest rate risk at year end were as follows:

	Foreign currency amount US\$000	Book value at year end R000	Maturity date	Effective interest rate
Financial assets				
Year ended 30 June 2003				
Cash – financial institutions	–	3 162	Current	Overnight call deposit
Year ended 30 June 2002				
Cash – financial institutions	–	14 877	Current	Overnight call deposit
Financial liabilities				
Year ended 30 June 2003				
Local long-term borrowings				linked to money market
– Finance lease agreements	–	3	2005	
Local short-term borrowings				linked to money market
– Financial institutions	–	524 036	Current	
Foreign short-term borrowings				
– Financial institutions	–	–		
	–	524 039		
Year ended 30 June 2002				
Local long-term borrowings				12,0
– Finance lease agreements	–	692	2005	
Local short-term borrowings				linked to money market
– Financial institutions	–	564 064	Current	
Foreign short-term borrowings				linked to LIBOR
– Financial institutions	1 247	12 785	Current	
	1 247	577 541		

⇒ **SHAREHOLDERS'** diary

Financial year end	30 June	
Annual financial statements	Issued: September	
Annual general meeting	October	
Interim report	Published February	
Dividends	Declared	Paid
Interim	April	May
Final	August	September





NOTICE of annual general meeting

Notice is hereby given that the sixty-eighth annual general meeting of members of Assmang Limited will be held at 10:00 on Wednesday, 22 October 2003 at the Company's registered office, 56 Main Street, Johannesburg, South Africa, for the following purposes:

1. To receive and consider the annual financial statements for the financial year ended 30 June 2003.
2. To elect the following directors in place of those who retire in accordance with the provisions of the Company's articles of association, and who, being eligible, offer themselves for re-election, namely Messrs C J Cory, P C Crous and J C Steenkamp.
3. To elect Mr D N Campbell who was appointed as a director of the Company since the last annual general meeting and who, being eligible, offers himself for election.

Refer **Footnotes** for directors' curriculum vitae.

Voting and proxies

Each shareholder of the Company who is registered as such and who, being an individual, is present in person or by proxy or which, being a company, is represented at the annual general meeting is entitled to one vote on a show of hands.

On a poll, each shareholder present in person or by proxy or represented shall have one vote for every share held by such shareholder.

Directors retiring by rotation and are seeking re-election.

Jan Christiaan Steenkamp, Nat Mining Diploma, EDP, 49. An executive director of the Company appointed to the board on 20 April 1999. A member of the Operations Committee.

Christopher John Cory, BA, CA(SA), MBA, 52. A non-executive director of the Company appointed to the board on 1 January 1993. Chairman of the Audit Committee.

Phillip Christiaan Crous, BSc Eng, BCom, MBA, 53. An executive director of the Company appointed to the board on 1 January 1993. A member of the Operations Committee.

Confirmation of appointment of a director appointed since the last annual general meeting.

Douglas Neil Campbell, CA(SA), 56. A non-executive director of the Company. Appointed to the board on 31 July 2003.

Certificate shareholders/dematerialised shareholders with own name registrations.

Shareholders who have not yet dematerialised their shares or who have dematerialised their shares with own name registration (entitled shareholders) may appoint one or more proxies to attend, speak and vote or abstain from voting in such shareholders' stead. The person so appointed need not be a member of the Company. A form of proxy is attached for the use of those entitled shareholders who wish to be so represented. Such entitled shareholders should complete the attached form of proxy in accordance with the instructions contained therein and return it to the registered office of the Company, namely 56 Main Street, Johannesburg, 2001, South Africa (PO Box 62379, Marshalltown, 2107, South Africa) or the transfer secretaries, Computershare Limited, 70 Marshall Street, Johannesburg, 2001, South Africa (PO Box 1053, Johannesburg, 2000, South Africa).

Dematerialised shareholders

Shareholders who have dematerialised their shares (other than those with own name registrations) should provide their Central Securities Depository Participant (CSDP) or broker with their voting instructions in terms of the custody agreement entered into with the relevant CSDP or broker. Should such shareholders wish to attend the annual general meeting or send a proxy to represent them at the annual general meeting, they should inform their CSDP or broker timeously and request their CSDP or broker to issue them with the necessary authorisation to attend.

By order of the board

Anglovaal Mining Limited

Secretaries

Per: **A Jepson**

Johannesburg
16 September 2003

DEMATERIALIZED SHAREHOLDERS

Shareholders who have dematerialised their shares (other than those with own name registrations) should provide their Central Securities Depository Participant (CSDP) or broker with their voting instructions in terms of the custody agreement entered into with their relevant CSDP or broker. Should such shareholders wish to attend the annual general meeting of Assmang Limited (the Company), they should inform their CSDP or broker timeously and request their CSDP or broker to issue them with the necessary authorisation to attend.

FOR COMPLETION BY SHAREHOLDERS WHO HAVE NOT YET DEMATERIALIZED THEIR SHARES OR WHO HAVE DEMATERIALIZED THEIR SHARES WITH OWN NAME REGISTRATION

Shareholders who have not yet dematerialised their shares or who have dematerialised their shares with own name registration (entitled shareholders) may appoint one or more proxies to attend, speak and vote or to abstain from voting in such shareholder's stead. The person so appointed need not be a member of the Company. This form of proxy is for the use of those entitled members who wish to be so represented. Such entitled shareholders should complete this form of proxy in accordance with the instructions contained herein and return it to the registered office or the transfer secretaries of the Company, to be received by the time and date stipulated herein.

If you are unable to attend the sixty-eighth annual general meeting of shareholders of Assmang Limited convened for Wednesday, 22 October 2003 at 10:00, you should complete and return this form of proxy as soon as possible, but in any event to be received by not later than 10:00 on Monday, 20 October 2003.

I/We _____ (name in block letters)

of _____ (address)

being the holder of _____ shares in the issued share capital of **Assmang Limited**, do hereby appoint

_____ or failing him/her,

or failing him/her, the chairman of the Company, or failing him/her the chairman of the meeting, as my/our proxy to vote for me/us and on my/our behalf at the annual general meeting of the Company to be held at 10:00 on Wednesday, 22 October 2003 and at any adjournment thereof and in particular in respect of the following resolutions:

*Indicate with an X in the spaces below how votes are to be cast. Unless otherwise directed, the proxy will vote or abstain as he thinks fit in respect of the member's holding.

Resolutions	For	Against	Abstain
1 To re-elect the following directors, who retire by rotation: C J Cory			
P C Crous			
J C Steenkamp			
2 To confirm the appointment of the following director made on 31 July 2003: D N Campbell			

Number of shares	Unless this section is completed for a lesser number, the Company is authorised to insert in the said section the total number of shares registered in my/our name(s) one business day before the meeting.

Signed at _____ on _____ 2003

Signature _____

Assisted by me (where applicable) _____

Please see notes overleaf





FORM of proxy

INSTRUCTIONS ON SIGNING AND LODGING FORMS OF PROXY

Please read the notes below:

1. The completion and lodging of this form of proxy will not preclude the entitled member who grants this proxy from attending the meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should he or she wish to do so.
2. Every member present in person or represented by proxy and entitled to vote shall, on a show of hands, have only one vote and upon a poll every member shall have a vote for every ordinary share held.
3. You may insert the name of any person(s) whom you wish to appoint as your proxy in the blank space(s) provided for that purpose. The person whose name appears first on the form of proxy and who is present at this meeting will be entitled to act as proxy to the exclusion of those whose names follow.
4. When there are joint holders of shares, only that holder whose name appears in the register need sign this form of proxy.
5. If the form of proxy is signed under the authority of a power of attorney or on behalf of a company or any other juristic person, then it must be accompanied by such power of attorney or a certified copy of the relevant enabling resolution or other authority of such company or other juristic person, unless proof of such authority has been recorded by the Company.
6. A deletion of any printed matter and the completion of any blank spaces need not be signed or initialled. Any alteration must be signed, not initialled.
7. The chairman of the meeting may, in his absolute discretion, reject any form of proxy which is completed other than in accordance with these instructions.
8. Forms of proxy, powers of attorney or any other authority appointing a proxy shall be deposited at the **registered office** of the Company, 56 Main Street, Johannesburg 2001 South Africa (or posted to PO Box 62379, Marshalltown 2107 South Africa), or at the **transfer secretaries**, Computershare Limited, 70 Marshall Street, Johannesburg 2001 South Africa (or posted to PO Box 1053, Johannesburg 2000 South Africa) so as to be received not later than 10:00 on Monday, 20 October 2003 (in respect of the meeting) or 48 hours, excluding Saturdays, Sundays and public holidays, before the time appointed for holding of any adjourned meeting.
9. No form of proxy shall be valid after the expiration of six months from the date when it was signed except at an adjourned meeting in cases where the meeting was originally held within six months from the aforesaid date.



ASSMANG

www.assmang.co.za