contents

DARE TO DREAM

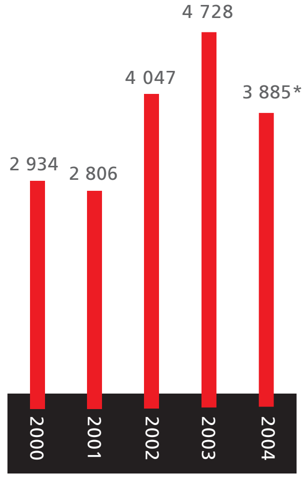
"It is our dream to grow ARM into a low-cost, globally competitive, diversified mining company: please join us on this journey and DARE TO DREAM with us…."

Patrice Motsepe
Executive chairman
December 2004

DREAM
GROWTH

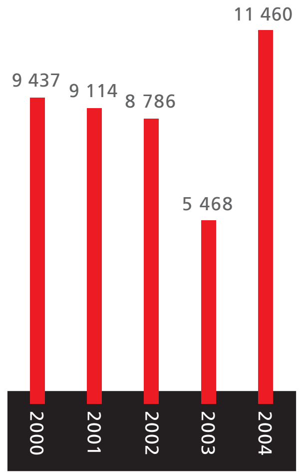
ANNUAL REVIEW

- Growth strategy formulated
- Group restructured to reflect new focus
- Headline earnings for the year: R47 million (Financial year ended 30 June 2003: R197 million)
- Basic earnings for the year: R1,1 billion (Financial year ended 30 June 2003: R0,2 billion – loss)
- Strong second half performances from nickel and ferrous operations
  - Profit from operations Second half 2003/2004: R404 million (First half 2003/2004: R124 million)
- Substantially stronger balance sheet
- Good progress with in-house projects
- Combining best practice of companies following the Avmin Transaction

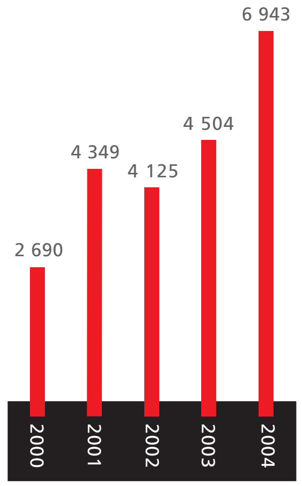


Revenue
(R millions)

* Revenue decreased as a result of the sale of Chambishi and Avgold being treated as an associate.



Total assets
(R millions)



Market capitalisation
(R millions)

FOR THE FINANCIAL YEARS ENDED 30 JUNE

		Group actual 2004 Rm	Group actual 2003 Rm	Group actual 2002 Rm	Group actual 2001 Rm	Group actual 2000 Rm
Income statement						
Revenue		**3 885**	4 728	4 047	2 806	2 934
Earnings/(loss) for the year		**1 108**	(191)	(866)	281	3 980
Headline earnings		**47**	197	204	281	486
Earnings/(loss) per share (cents)		**865**	(170)	(780)	259	3 723
Headline earnings per share (cents)		**37**	176	184	259	455
Balance sheet						
Total assets		**11 460**	5 468	8 786	9 114	9 437
Total interest bearing borrowings		**1 831**	687	2 696	2 475	1 082
Shareholders' equity		**7 954**	3 652	4 591	5 491	4 272
Cash flow						
Cash generated from operations		**603**	810	619	526	632
Cash generated from operations per share (cents)		**471**	723	558	485	591
Cash and cash equivalents		**328**	264	779	439	4 160
Number of employees		**5 162**	2 778	5 303	5 263	5 326
JSE Securities Exchange, South Africa						
Ordinary shares (cents)						
– high		**4 800**	5 100	4 280	4 200	2 837
– low		**3 250**	2 900	3 100	2 280	1 779
– year-end		**3 400**	4 000	3 701	3 950	2 500
Volume of shares traded (thousands)		**26 547**	39 294	51 524	38 285	91 856
Number of ordinary shares in issue (thousands)		**204 208**	112 602	111 444	110 105	107 610
Financial statistics	**Definition number**					
Effective taxation rate (percent)	1	**19**	156	(80)	29	8
Interest cover (times)	2	**5,4**	3,9	5,3	5,3	10,9
Return on operational assets (percent)	3	**8,3**	16,2	10,1	7,7	6,5
Return on capital employed (percent)	4	**5,5**	8,2	10,2	8,1	11,8
Return on equity (percent)	5	**0,7**	7,9	7,9	7,0	15,8
Debt:equity ratio	6	**0,23**	0,19	0,59	0,45	0,25
Net debt:equity ratio	7	**0,19**	0,12	0,42	0,37	(0,72)
Net asset value per share (cents)	8	**3 246**	2 230	2 314	3 640	2 869
Market capitalisation (R million)	9	**6 943**	4 504	4 125	4 349	2 690

Definitions

1 **Effective taxation rate (percent)** Taxation charge per income statement divided by profit before taxation.

2 **Interest cover (times)** Profit before exceptional items and finance costs divided by finance costs.

3 **Return on operational assets (percent)** Profit from operations divided by tangible non-current and current assets excluding capital work in progress.

4 **Return on capital employed (percent)** Profit before exceptional items and finance costs, divided by average capital employed. Capital employed comprises non-current and current assets less trade and other payables and provisions.

5 **Return on equity (percent)** Headline earnings divided by ordinary shareholders' interest in capital and reserves.

6 **Debt:equity ratio** Total debt divided by total equity. Total debt comprises long-term borrowings, overdrafts and short-term borrowings. Total equity comprises total shareholders' interest.

7 **Net debt:equity ratio** Total debt less cash and cash equivalents divided by total equity. Total debt comprises long-term borrowings, overdrafts and short-term borrowings. Total equity comprises total shareholders' interest.

8 **Net asset value per share (cents)** Ordinary shareholders' interest in capital and reserves divided by number of shares in issue.

9 **Market capitalisation (R million)** Number of ordinary shares in issue multiplied by market value of shares at 30 June.

SALIENT FEATURES

The business of African Rainbow Minerals Limited is to develop, operate and hold interests in the resources industry. The operational focus of the Group is currently in the following areas:

- Ferrous metals
- PGMs and nickel
- Gold

ARM ferrous

ARM has a 50,4 percent shareholding in Assmang.

ASSMANG PRODUCTION VOLUMES

'000 Metric tons

Iron ore	6 260
Manganese ore	1 406
Manganese alloys	238
Charge chrome	263
Chrome ore	648

- Revenue increased by 13,8 percent, despite stronger South African Rand
- Increased sales volumes and prices for all products
- Assmang headline earnings increase by 4,9 percent
- First manganese production from the new shaft complex at Nchwaning

ARM platinum

NKOMATI (100%)

Nickel	tons	4 920
Copper	tons	2 830
Cobalt	tons	81
PGMs	oz	36 360

- Remaining 25 percent acquired during the year
- Solid performance

MODIKWA (41,5%)

PGMs	oz	264 000

- Full production by mid-2005

TWO RIVERS (55%)

- Trial mining underway
- Feasibility assumptions confirmed

HARMONY

ARM has a 19,8 percent shareholding in Harmony.

PRODUCTION

Gold kg	103 127
Gold oz's	3 315 595

REVENUE

R/kg	85 219
US$/oz	385
Dividends per share (cents)	70

- Record production for eight years in a row
- Restructuring for profitability in low Rand gold price environment
- Range of growth projects secures production growth
- Ore reserves increase to 62,3 million ounces

ASSET LOCATIONS

PAPUA NEW GUINEA

GOLD OPERATIONS
- Hidden Valley
- Wafi
- Golpu (Copper/Gold)

AFRICA

ZAMBIA/DRC
- Exploration

NAMIBIA
- Exploration

SOUTH AFRICA

FERROUS METALS

Manganese
- Nchwaning mine
- Gloria mine
- Cato Ridge Works
- Cato Ridge Alloys

Chrome
- Dwarsrivier mine
- Machadodorp Works

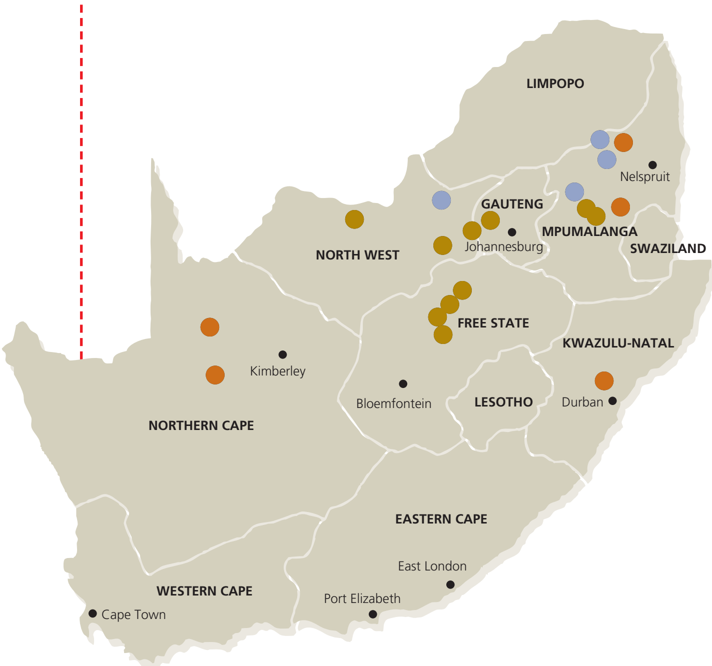
Iron Ore
- Beeshoek mine
- Bruce-King-Mokaning

PGMs/NICKEL
- Modikwa Platinum mine
- Two Rivers Platinum (55%)
- Kalplats Exploration (100%)
- Nkomati mine (100%)

GOLD OPERATIONS
- Free State
- Evander
- Randfontein
- Elandsrand
- Welkom/Orkney
- Kalgold

AUSTRALIA

GOLD OPERATIONS
- Mt Magnet
- South Kal Mines



An important aspect of our activities during the past year has been incorporating Avmin's best practices into ARM's "We Do It Better" management style. Our critical success factors form the basis of allocating resources to ensure our goals and objectives are achieved. These factors include: operational excellence; Brownfield expansions; new project (or Greenfield) expansions; investor attractiveness; and acquisitive growth.

Operationally, this has been a good year for ARM, with Assmang's mines and beneficiation plants, and Nkomati mine, producing record production, details of which are contained in this review. Certain initiatives that are being implemented will deliver improved results over the coming year, these include: cost reduction programmes; productivity enhancements; an increase in manganese production; better utilisation of the iron ore assets; and at least one project release during the year.

TOGETHER WE WILL CONTINUE TO DELIVER VALUE TO SHAREHOLDERS AND REALISE OUR VISION TO BECOME ONE OF THE WORLD'S LEADING DIVERSIFIED MINING COMPANIES.

Our overriding commitment to health, safety, environmental responsibility and community development remains as strong as ever. We also believe that it is a leading indicator of company performance and we are proud of the progress that we have made in this area. Our safety record has improved with lost day injury frequency rates being better than 2003, and most operations have complied with the stringent ISO accreditation process. It is, however, sad to report that two fatalities occurred during the year. We extend our condolences to the bereaved family and friends. More detail on our activities within this important sector of our business are contained in the Sustainable Development section of this report.

We would like to take this opportunity to thank our dedicated team: together we will continue to deliver value to shareholders and realise our vision to become one of the world's leading diversified mining companies.

More detail with respect to our operating assets follows:

HIGHLIGHTS

- Significant increase in sales volumes (tons)
  - manganese increased 21%
  - chrome increased 21%
  - iron ore increased 4%

Assmang financial overview

(R millions)	Year ended 30 June 2004	30 June 2003
Turnover	**3 305**	2 904
Profit from operations	**392**	389
Headline earnings	**214**	204
Borrowings	**751**	524
Capital expenditure	**493**	338

OVERVIEW

Assmang's turnover for the year ended 30 June 2004 rose by 13,8 percent to R3,3 billion. Earnings increased by 7,1 percent to R218 million (2003: R204 million). Headline earnings increased by 4,9 percent to R214 million (R204 million).

Contributions to earnings by the three divisions, before deducting secondary tax on companies amounted to R232 million (R286 million) from the manganese division, R11 million (R54 million) from the iron ore division and a loss of R25 million (R136 million – loss) from the chrome division.

Production volumes, including production to supply Assmang's alloy operations, increased over those of the previous year as detailed in the table below:

Assmang production tons

	2004 Tons '000	2003 Tons '000	Percentage increase
Iron ore	6 260	5 810	7,7
Manganese ore	1 406	1 374	2,3
Manganese alloys	238	229	3,9
Charge chrome	285	255	11,8
Chrome ore	648	604	7,3

"THE PRIMARY ASSET OF THE FERROUS METALS DIVISION IS OUR 50,4 PERCENT SHAREHOLDING IN ASSMANG LIMITED, WHICH CONSISTS OF THREE DIVISIONS: MANGANESE, CHROME AND IRON ORE."

CHALLENGES

DREAM

The South African Rand/US Dollar exchange rate continued to be the key determinant of Assmang's performance during the year. The South African Rand equivalent of total US Dollar revenue showed substantial decreases from that of the previous year, mainly as a result of the appreciation of the South African Rand against the US Dollar. An average exchange rate of R6,77 to the US Dollar was realised on export proceeds, compared with R8,97 for the previous year, but solid operational performances somewhat countered the adverse effects of the stronger average South African Rand/US Dollar exchange rate.

SALES

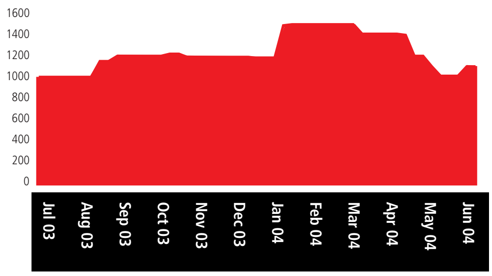
World crude steel production for the first half of calendar 2004 increased by 7,8 percent to 502,3 million tons and it is estimated that production should exceed one billion tons by the end of calendar 2004. China continues to be the main contributor to the record production levels and is producing at a level of 21 percent above the first half of calendar 2003. Consequently, sales volumes of iron ore for the year under review increased to a record 5,5 million tons (5,3 million tons). Further increases in sales volumes will be constrained by limited railage and shipping capacity through the port of Saldanha Bay.

As a result of buoyant markets, US Dollar prices for both iron ore lumpy and fines have increased on average by 19 percent for the period April 2004 to March 2005. Despite the increase in global steel production, sales volumes of manganese ore were higher than last year's levels at 1,4 million tons (1,2 million tons). In Japan, US Dollar prices for manganese ore for the period April 2004 to March 2005 have increased on average by 16 percent.

Assmang is working with Spoornet (the State rail authority) and the South African Port Operations to increase both iron and manganese ore logistical capacity.

Sales of manganese alloys increased to 218 000 tons (197 000 tons), in line with both higher production and a reduction in stock levels at the Cato Ridge Works. High carbon ferromanganese sales increased to 143 000 tons (127 000 tons) and sales of refined ferromanganese were slightly higher at 47 000 tons (45 000 tons). Silico-manganese sales also improved to 28 000 tons (25 000 tons) as a result of increased production volumes. Manganese alloy prices have recently reached unprecedentedly high levels due to strong demand, the closure of a major French high-carbon ferromanganese producer and production cutbacks in China, mainly as a result of a shortage of electric power. It is anticipated that demand will remain robust, but that prices could ease. However, pressure from high costs of coke, electricity and ocean freight should ensure that prices do not fall back to previous levels.

Global stainless steel production continued to show positive growth over the year and total production for calendar 2004 is likely to reach almost 24,0 million tons (22,5 million tons). The stronger South African Rand together with low ferrochrome stocks worldwide and the same cost factors as manganese alloys, resulted in US Dollar prices for charge chrome rising by 75 percent over the past year. Sales volumes of charge chrome increased by over 20 percent to a record 295 000 tons (244 000 tons).



Assmang share price (South African Rands)
1 July 2003 – 30 June 2004

MAJOR CAPITAL PROJECTS

Assmang continued its significant capital programme, spending R493 million (R338 million) during the year, including capitalised interest at R18 million and finance leases of R21 million. Of this, R182 million was spent on the new shaft complex at the Nchwaning manganese mine, which has commenced production and is currently ramping up to full production. The total capital cost of the revised project is estimated to be R748 million excluding capitalised interest.

Assmang has spent R2 billion over the past six years on recapitalising and enlarging the businesses of all its commodity divisions. This significant capital programme has started to deliver benefits, with more anticipated, in terms of operating efficiencies and increased production volumes.

Planned capital expenditure over the next five years is R900 million and this will be spent on current and additional enhancement projects. These projects will include the completion of the Nchwaning shaft complex, the construction of an underground chrome mine at Dwarsrivier to replace the existing opencast mine and the development of mineable reserves at the iron ore division. This expenditure will be funded from internally generated cash and available borrowing resources.

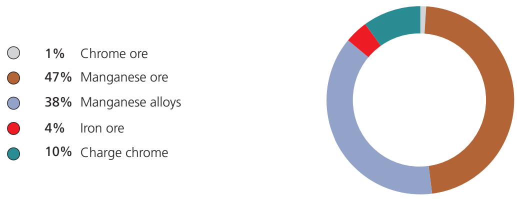
ASSMANG BORROWINGS

Short-term borrowings at 30 June 2004 were higher at R737 million compared to R524 million at 30 June 2003. The additional borrowings were incurred mainly in financing the capital expenditure programmes discussed above. Long-term borrowings at 30 June 2004 increased to R14 million, which comprise finance leases to acquire mining production vehicles.

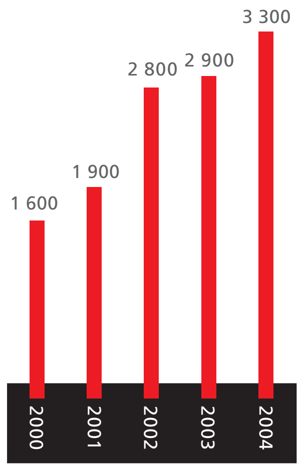
OUTLOOK

International demand for ferrous products remains fairly buoyant and volumes are expected to approximate those of the year under review. However, US Dollar prices for Assmang's products are expected to be higher than those achieved in the past financial year. Earnings growth will be largely dependant on the South African Rand/US Dollar.

Contribution



Earnings before interest and tax



Assmang turnover
(R million)

DREAM

CREATING VALUE

"THE PLATINUM DIVISION CONSISTS OF TWO OPERATING MINES, MODIKWA MINE AND NKOMATI NICKEL MINE, AND THREE PROJECTS, TWO RIVERS PLATINUM, KALPLATS EXPLORATION AND THE NKOMATI NICKEL EXPANSION."

HIGHLIGHTS

- Nkomati
  - cash operating income up 33% year-on-year
  - solid performance
  - unit cost increase contained at 4,9%
- Modikwa
  - build-up is now at 70% of full design capacity
- Two Rivers
  - trial mining confirms project assumptions

NKOMATI MINE

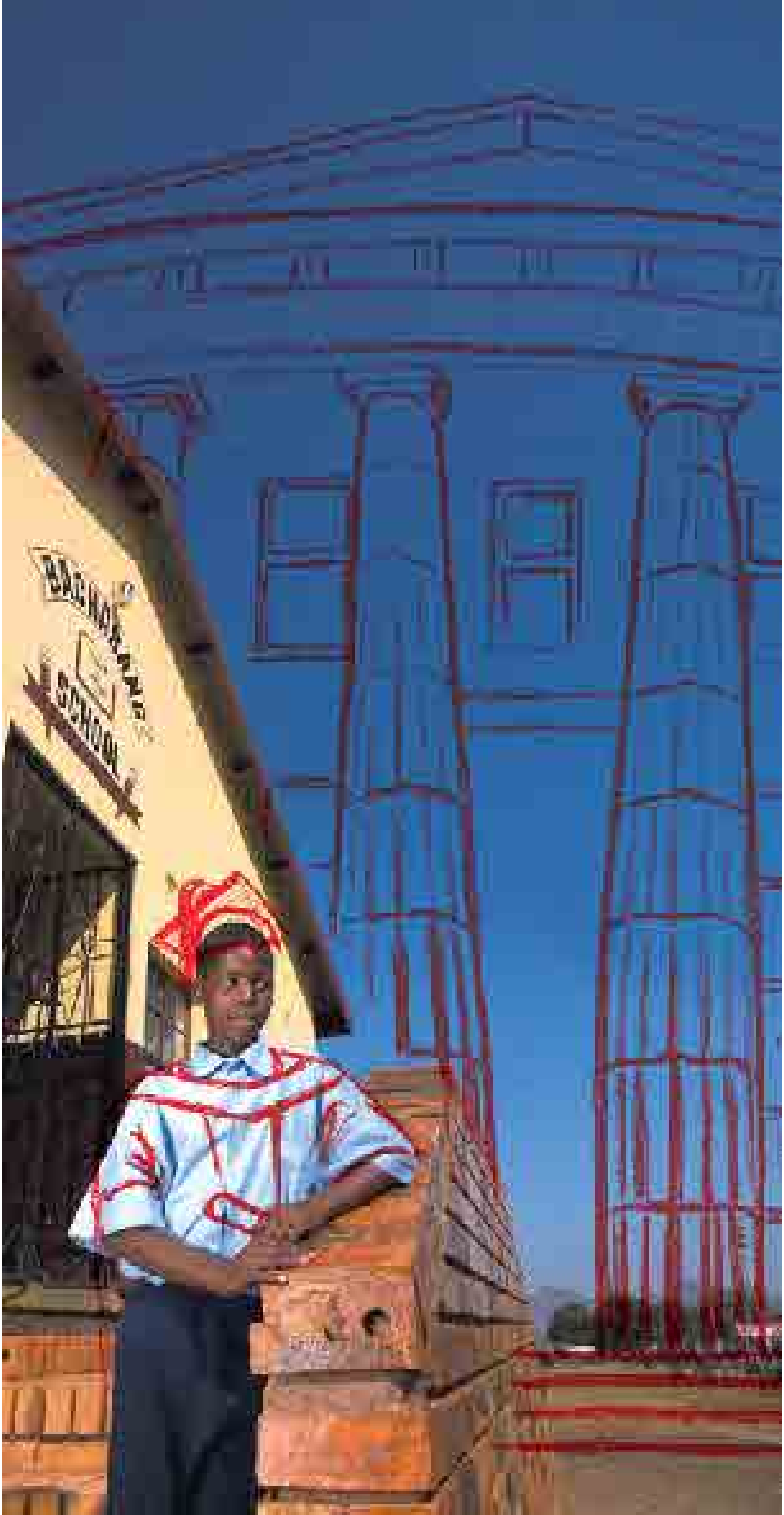
On 1 February 2004, ARM acquired the remaining 25 percent of Nkomati from Anglo Operations Limited, a subsidiary of Anglo American plc, for R260 million. Accordingly, 75 percent of Nkomati's results are consolidated from 1 July 2003 to 31 January 2004 and 100 percent from 1 February 2004 to 30 June 2004.

The mine treated a total of 344 000 tons (292 000 tons) of ore, producing 56 800 tons (55 300 tons) of concentrate at an average nickel grade in concentrate of 9,82 percent (9,96 percent). The mine has been consistently operating above its maximum design capacity at an average of 29 000 tons of run-of-mine ore per month and the objective is to maintain the overall nickel grade, while minimising costs. Nkomati continues to optimise the exploitation of the various ore bodies and 17 percent of the total run-of-mine ore was comprised of Main Mineralised Zone (MMZ) ore (disseminate sulphides). Excluding nickel, other metals contributed 29 percent (35 percent) of the mine's total revenue, making the mine one of the lowest cost nickel producers in the industry at an average US$1,13/lb for the year.

Despite the strengthening of the South African Rand, the stronger US Dollar nickel price and record levels of nickel production during the year saw the mine's revenue increase by 22 percent to R611 million (R503 million). Year-on-year unit cash operating costs increased from R344/ton to R361/ton or 4,9 percent, which is less than the South African inflation rate. Cost of sales increased by 11 percent to R287 million (R260 million) mainly as a result of the increased production. The focus on cost minimisation and efficiency at the mine during the year resulted in significant productivity improvements – operating profit increased 35 percent to R319 million (R236 million). Profit before tax increased 50 percent to R304 million (R203 million).

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

* Cash operating profit excludes depreciation and amortisation.



ARM contributes to the socio economic development of communities located in the vicinity of its mines. At Modikwa, these initiatives have included:

Scholarships and bursaries	R690 000
Donations and sponsorships	R245 000
Renovations and building of schools	R1 355 275
Community capacity building	R1 607 053
Water provision	R384 000
Access roads	R600 000

MODIKWA MINE

Moses Maroga
14 Years
Grade 7

"I want to be a medical doctor. Seeing other people being treated by doctors has inspired me to follow this profession."

DREAM NEW HEIGHTS

NKOMATI EXPANSION

ARM is currently in discussions with a strategic technical partner to expand the current operations at Nkomati. Should these discussions prove successful, this partner will play a significant role in the future operations of Nkomati. This expansion may result in an open-pit operation producing over 16 000 tons of nickel a year from a reserve base of some 64 million tons of nickel.

MODIKWA PLATINUM MINE

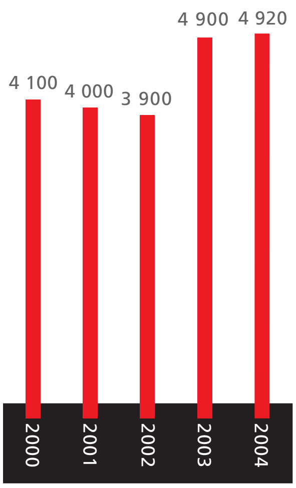
The ARM Mining Consortium has a 50 percent stake in Modikwa with ARM owning 83 percent of ARM Mining Consortium and the surrounding communities, through various trusts, the balance of 17 percent, giving ARM an effective 41,5 percent stake. Modikwa is held in an unincorporated joint venture with Rustenburg Platinum Mines Limited (a division of Anglo Platinum) in respect of the mining and operation of the Modikwa Platinum Mine.

Although significant progress has been made, Modikwa remains in a build-up phase to full production by mid-2005. Annualising the figures from the June 2004 quarter, the mine reported a significant improvement in production tonnage and achieved 70 percent of planned platinum production. The operating cash costs have reduced to approximately R300/ton.

Q4 2004 production annualised

		Total*	Projected at full production
Tons milled	(000)	**2 500**	2 880
Head grade 4E**	g/ton	**3,89**	4,50
Pt production*	oz	**120 000**	160 000
PGM production***	oz	**264 000**	366 000

* 41,5% attributable to ARM
** 4E – Platinum, Palladium, Rhodium, Gold
*** ounces in concentrate



Nkomati nickel production
(Tons)

TWO RIVERS PLATINUM

Trial mining is currently underway and 60 000 tons of ore has been mined and stockpiled. The objective of the trial mining exercise is to reduce the project risk and to maximise the project's return on investment. All the feasibility assumptions have been confirmed and a 4,7 g/ton (6E) stoping grade has been achieved. The success of the trial mining phase has effectively upgraded this project from a Greenfields development to a Brownfields expansion.

Key statistics

Mineral resource (UG2 only)	60,4 million tons @ 4,93 g/ton (6E*)
Estimated capital expenditure	R1,3 billion
Potential number of employees	1 000 (30% contractors)
Life-of-mine	20 years

* 6E – Platinum, Palladium, Rhodium, Gold, Ruthenium, Iridium.

Nkomati is situated between the towns of Machadodorp, Waterval Boven and Badplaas in the Mpumalanga province of South Africa. Nkomati is a modern trackless mine and produces the following metals:

Metal	% annual revenue
Nickel	68
PGMs	14
Copper	9
Cobalt	8

NKOMATI MINE

Bertina Symonds

Processes Leader – Nkomati

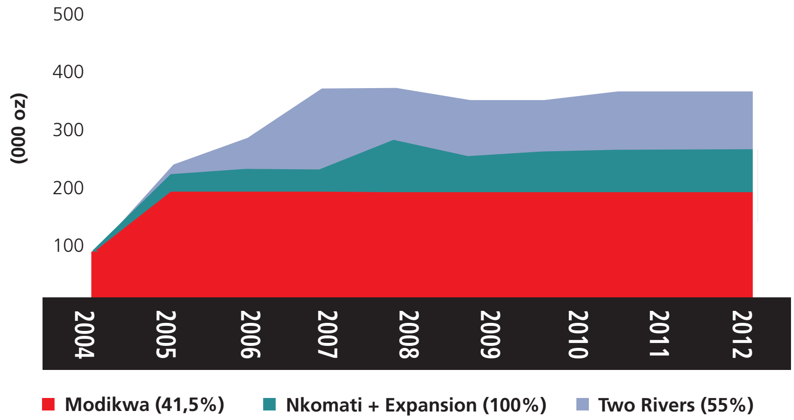
"I aspire to develop and motivate people to achieve goals they previously deemed impossible. To create an environment where individuals from different social and technical backgrounds work together, achieving sustainable excellence. To live in a manner that in the quiet times, at the end of life, I will be comforted in knowing that I acted with integrity."

KALPLATS PGM PROJECT

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

PRODUCTION OUTLOOK

PGM ounces per year*



* Subject to project approval and attributable to ARM.

The PGM production profile of our platinum business is expected to grow significantly as our growth strategy unfolds.

André Wilkens

Chief executive officer

8 December 2004

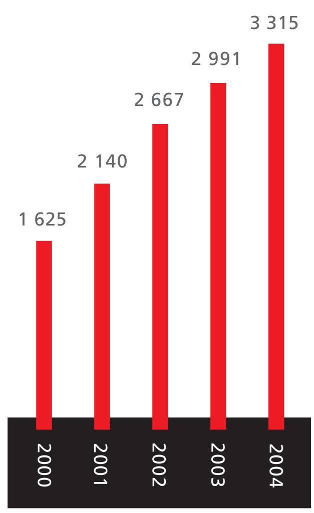
With an annualised production in excess of 3,6 million ounces of gold, Harmony is the largest gold producer in South Africa and the sixth largest in the world. Harmony is the only South African gold mining company with its own dedicated refinery and gold fabrication plants.

FINANCIAL YEAR ENDING	JUNE '04	JUNE '03	JUNE '02	JUNE '01	JUNE '00
Gold produced – kg	103 127	93 054	82 971	66 563	50 572
Gold produced – oz	3 315 595	2 991 734	2 667 572	2 140 043	1 625 925
Underground recovery grade – g/t	5,16	5,17	5,37	4,88	5,08
Cash operating profit SA Rand – million	580	2 734	2 591	673	461
Cash operating profit US$ – million	84	260	254	88	73
Cash operating cost – R/kg	79 598	71 146	62 848	57 416	50 121
Cash operating cost – R/ton	267	234	227	224	213
Cash operating cost – US$/oz	360	242	192	234	246
Dividend – SA cents per share	70	275	500	120	120

"ARM'S GOLD ASSET COMPRISES A 19,8 PERCENT STAKE IN HARMONY GOLD MINING COMPANY LIMITED."

At the beginning of the 2004 financial year, with the merger of ARMgold and Harmony already announced, Harmony's main focus was to progress with the incorporation of these assets within the greater Harmony. This situation soon changed as even more opportunities for growth were identified. Through the Harmony/ARMI/Avmin Transactions, Harmony now owns Avgold Limited. In addition, by acquiring the minorities in Abelle Limited, Harmony has increased its presence in Australasia.

The impact of the strength of the South African Rand clouded what can be described as a difficult, but rewarding twelve months for Harmony, which continued to show an increase in gold produced, increasing by 11 percent from 3,0 million ounces to over 3,3 million ounces. Year-on-year, Harmony's revenue in R/kg terms decreased by 12 percent from R96 663/kg to R85 218/kg. As a result of the growth in production, Harmony managed to sustain revenue levels of R8,8 billion (R9,0 billion – for the year ended June 2003). The reduction in revenue per kilogram resulted in a net cash operating profit of R580 million. Cash operating profit margins decreased from 26 percent to 7 percent. Harmony declared a final dividend of 30 cents per share, bringing the total dividend for the year to 70 cents per share.



Harmony: gold produced
('000 oz)

COMPETENT PERSON REPORT ON MINERAL RESOURCES AND MINERAL RESERVES

General statement

ARM's method in reporting of mineral resources and mineral reserves conforms to the South African Code for Reporting Mineral Resources and Mineral Reserves (SAMREC Code) and the Australian Institute of Mining and Metallurgy Joint Ore Reserves Committee Code (JORC Code).

The convention adopted in this report is that mineral resources are reported inclusive of that portion of the total mineral resource converted to a mineral reserve. Previously the mineral resources were reported exclusive of the resources converted to mineral reserves. The changed reporting style has been adopted for convenience in order to be in line with ARM reporting requirements for other foreign stock exchanges. This change contributes to increasing the mineral resource tonnage of some deposits listed in this report.

Underground resources are in-situ tonnages at the postulated mining width, after deductions for geological losses. Resources from dumps are estimated as in-situ tonnages.

Underground mineral reserves reflect milled tonnages, while surface (dumps) mineral reserves are in-situ tonnages without dilution. Both are quoted at the grade reporting to the mill.

The evaluation method is generally ordinary kriging with mining block sizes ranging from 10*10 m^2 to 100*100 m^2 to 250*250 m^2 in the 2-D plain. The blocks vary in thickness from 2,5 m to 50 m. Inverse distance is used in a few instances and with similar block sizes. The Sichel-t and log-mean estimation methods are occasionally used for global estimation of resources, so is the weighted polygonal method. The evaluation process is fully computerised and generally decentralised. The software package utilised is mostly Datamine with the resource/reserve volumes being wireframed.

The mineral resources and mineral reserves are reported on a total basis regardless of the attributable beneficial interest that ARM has on the individual projects or mines. When the attributable beneficial interest on a mine or project is less than 100 percent the actual percentage of the attributable interest is specified.

ARM ferrous

The attributable beneficial interest of ARM in Assmang is 50,4 percent.

The mineral reserves of the iron ore assets **(Beeshoek/Bruce-King-Mokaning)** decreased during 2004 by 4,7 Mt or 1 percent to 482,3 Mt (487 Mt) and the mineral resources increased by 726,6 Mt or 149 percent to 1 214,7 Mt (488,1 Mt). These variations result from depletion due to production, adjustments of ore body definitions in the Beeshoek-Olynfontein property and on the Bruce-King-Mokaning deposit which were brought about by extensive drilling, geological reinterpretation and the changed reporting style whereby the resources now include those resources converted to reserves, as mentioned above. Mineralisation at 60 percent iron ore and below is considered contaminated ore and is discarded from the resource/reserve base. The entire measured mineral resource has been converted to proven mineral reserve, while about 40 percent of the indicated mineral resources have been converted to probable mineral reserves.

Manganese operations **(Nchwaning and Gloria)**. The mineral reserves increased by 119,4 Mt to 131 Mt (11,6 Mt). The reasons for this are: the re-evaluation of the mineral reserves undertaken in 2004; the conversion to reserves of all the measured and indicated mineral resources of the No 1 ore bodies (last year only the measured resources of these ore bodies were converted to reserves); and the conversion of the graben area resources into reserves for the first time this year. The mineral resources increased by 475,8 Mt or 300 percent to 631,3 Mt (155,5 Mt). The latter is due primarily to the re-evaluation of resources undertaken during 2004; the geological reinterpretation in both Nchwaning and Gloria; and the changed reporting style. All the measured and indicated mineral resources of the No 1 ore body in both Nchwaning and Gloria were converted to proven mineral reserves and probable mineral reserves, respectively. The mineral resources of the No 2 ore body were not converted to mineral reserves and account for approximately 40 percent of the total mineral resources of Nchwaning and Gloria shown in this report. The mineral resources and reserves are reported at current contract grades or at guaranteed minimum grades, whichever is relevant.

Chromite operations **(Dwarsrivier).** When compared to last year, the mineral reserves increased by 1,2 Mt or 4,6 percent to 27,1 Mt (25,9 Mt) and the mineral resources increased by 16,8 Mt or 24 percent to 86,6Mt (69,8 Mt). The reason for the change in mineral reserves is the routine conversion of certain measured and indicated mineral resources to mineral reserves to compensate for the loss of production. The changed reporting style is the main cause for the increase in mineral resources.

ARM platinum

The mineral reserves of the **Nkomati Mine** increased by 50 000 tons or 4,5 percent during the year to 1,15 Mt (1,1 Mt) due to the allocation of 293 000 tons of probable reserves to the mine reserves from the adjoining Expansion Project. The mineral resources of the mine now total 1,9 Mt compared with nil last year.

In the **Nkomati Expansion Project**, the indicated mineral resources in the planned open pit area and in the planned main phase of underground mining were converted to probable mineral reserves (last year no probable mineral reserves were reported). The increase of 21,3 Mt or 17,5 percent to 143 Mt (121,7 Mt) in total mineral resources is due to the changed reporting style and the mining blocks of MMZ having been remodelled on a grade cut-off of 0,30% nickel as against 0,35% nickel last year.

The **Two Rivers Platinum Project** (Two Rivers) is located within the southern sector of the eastern limb of the Bushveld complex, on the farm Dwarsrivier 372KT. The UG2 and Merensky Reefs are present on the property.

The mineral reserves increased by 4,5 Mt or 11,2 percent to 44,8 Mt (40,3 Mt), when compared to last year. Over the same period the mineral resources increased by 4,8 Mt or 4,3 percent to 116,8 Mt (112 Mt). The reasons for the changes are further exploratory drilling, geological reinterpretation and new ore body definition in places. All the measured resources were converted to mineral reserves. Of the indicated mineral resources, 59 Mt have been converted to reserves, while 46,3 Mt grading 3,94 g/t (3PGE+Au) have not been converted.

The mineral resources and reserves of the UG2 are based on 218 surface diamond holes drilled at an average grid spacing of 500 m over the whole property and 250 m grid spacing over the area planned for the first five years of mining. The drill-hole spacing in the area of the open pit is 50 m on dip and 100 m on strike. The mineral resource of the Merensky Reef is based on a total of 81 surface diamond drill holes. A discount factor of 30 percent to the underground resource tonnage and 10 percent to the open pit resource tonnage has been applied to both the UG2 and Merensky Reefs in order to account for losses due to potholes, faults, dykes and replacement pegmatoids.

The resource to reserve conversion was done using the Mine 2-4D optimisation software package to select the optimum economic cut subject to the geotechnical and trackless mining constraints. Unplanned and off-reef dilution, followed by a 95 percent mine call factor, has been applied to the output from the optimiser to provide the fully diluted mill head grade of the reserves.

The attributable beneficial interest of ARM in Two Rivers Platinum is 55 percent.

The **Modikwa Platinum Mine** exploits the UG2 Reef, which has an average width of 60 cm and occurs as a chromitite layer. Although the Merensky Reef is developed, all mineral resources delineated to date comprise the UG2 only. The UG2 mining cut is divided into three units comprising the UG2 chromitite layer, the hanging wall and the footwall. Estimation of the three sub-units in the mining cut is carried out separately and independently. Discount factors are applied to tonnages ranging from 10 percent (for measured mineral resources) up to 30 percent to account for loss of ore due to pegmatoid intrusions, faults, dykes and potholes.

All the measured mineral resources have been converted into mineral reserves. Of the indicated mineral resources, 13,7 Mt grading 5,42 g/t (3PGE+Au) have been converted to mineral reserves, while the remaining 80,4 Mt grading 5,36g/t (3PGE+Au) have not been converted.

The attributable beneficial interest of ARM in Modikwa is 41,5 percent.

The **Kalplats Project** is located in the Kraaipan greenstone belt with the PGE mineralisation hosted within the Stella layered intrusion. Three sub-parallel reef packages have been recognised and evaluated. They are the Main Reef (the highest grade reef), Mid Reef and LG Reef. A 15 percent metal discount was applied to all resource blocks to account for barren dykes, which are modelled within the ore blocks and would have to be mined as ore, but contain no grade.

EXPLORATION

The **Otjikoto Project** is a gold exploration property situated in Namibia and occurs within the northern zone of the Damara Orogen. It is hosted within a package of marbles, albitites and biotite schists of the Karibib Formation. The resource is based on RC drill holes and diamond drill holes totalling in excess of 100. A cut-off grade of 0,5g/Aut was applied in defining the resource. A feasibility study is currently underway.

The **Konkola North Project** is situated on the Zambian Copperbelt with the economic mineralisation being confined to the dark-grey siltstone within the Ore Shale 1 Member of the Nchanga Formation. A total of 125 diamond holes were drilled in a number of exploration phases. The ore body was divided into two zones for estimation purposes: East Limb and South Limb. The 3-D wireframes were defined by using a 1 percent total copper cut-off.

The **Mwambashi Project** lies on the Zambian Copperbelt on the western edge of the Chambishi Basin. A total of 32 RC and seven diamond holes were drilled in the property. The resource is quoted at a 1 percent total copper cut-off on a block by block basis.

Competence

The competent person with overall responsibility for the compilation of the mineral reserves and resources is Mr PJ van der Merwe, Pr.Sci.Nat.

Maps, plans and reports supporting resources and reserves are available for inspection at ARM's registered office and at the relevant mines.

DEFINITIONS

The definitions of resources and reserves, quoted from the SAMREC CODE, are as follows:

A **'mineral resource'** is a concentration [or occurrence] of material of economic interest in or on the Earth's crust in such form, quality or quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, continuity and other geological characteristics of a mineral resource are known, estimated from specific geological evidence and knowledge, or interpreted from a well constrained and portrayed geological model. Mineral resources are sub-divided, in order of increasing confidence in respect of geoscientific evidence, into inferred, indicated and measured categories.

An **'inferred mineral resource'** is that part of a mineral resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that may be limited or of uncertain quality and reliability.

An **'indicated mineral resource'** is that part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.

A **'measured mineral resource'** is that part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity.

A **'mineral reserve'** is the economically mineable material derived from a measured and/or indicated mineral resource. It is inclusive of diluting materials and allows for losses that may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction is reasonably justified. Mineral reserves are sub-divided in order of increasing confidence into probable mineral reserves and proved mineral reserves.

A **'probable mineral reserve'** is the economically mineable material derived from a measured and/or indicated mineral resource. It is estimated with a lower level of confidence than a proved mineral resource. It is inclusive of diluting materials and allows for losses that may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction is reasonably justified.

A **'proved mineral reserve'** is the economically mineable material derived from a measured mineral resource. It is estimated with a high level of confidence. It is inclusive of diluting materials and allows for losses that may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction is reasonably justified.

August 2004

ASSMANG

All resources and reserves shown are for 100 percent of the asset named

		Tons (million)	% Fe	
Beeshoek/ Bruce- King- Mokaning	**IRON**			
	Mineral reserves:			
	– Proved	**421,1**	**65,35**	
	– Probable	**61,2**	**64,84**	
	Mineral resources:			
	– Measured	**624,3**	**64,98**	
	– Indicated	**221,0**	**64,15**	
	– Inferred	**369,4**	**64,14**	
	Total mineral reserves	482,3	65,28	
	Total mineral resources	1 214,7	64,58	
Nchwaning	**MANGANESE**	Tons	% Mn	% Fe
	Mineral reserves:	(million)		
	– Proved	**7,1**	**46,25**	**8,82**
	– Probable	**111,5**	**44,58**	**8,86**
	Mineral resources:			
	– Measured	**8,8**	**46,25**	**8,82**
	– Indicated	**321,4**	**43,34**	**12,54**
Gloria	**Mineral reserves:**			
	– Proved	**7,4**	**38,64**	**4,91**
	– Probable	**5,0**	**38,38**	**5,69**
	Mineral resources:			
	– Measured	**9,6**	**38,64**	**4,91**
	– Indicated	**150,9**	**35,47**	**5,60**
	– Inferred	**140,6**	**34,23**	**8,97**
	Total mineral reserves	131,0	44,10	8,51
	Total mineral resources	631,3	39,40	9,91
Dwarsrivier	**CHROMITE**	Tons	% Cr_2O_3	% FeO
	Mineral reserves:	(million)		
	– Proved	**14 ,9**	**38,84**	**23,03**
	– Probable	**12,2**	**38,08**	**22,69**
	Mineral resources:			
	– Measured	**18,3**	**38,92**	**23,06**
	– Indicated	**15,3**	**38,08**	**22,69**
	– Inferred	**53,0**	**38,76**	**23,10**
	Total mineral reserves	27,1	38,50	22,88
	Total mineral resources	86,6	38,67	23,02

Note:

Au	gold	FeO	ferrous oxide
Co	cobalt	Mn	manganese
Cu	copper	Ni	nickel
Cr_2O_3	chrome ore	Pt	platinum
Fe	iron	Pd	palladium

ARM

All resources and reserves shown are for 100 percent of the asset named

		Tons (thousand)	% Ni	% Cu	% Co	g/t 3PGE+Au
Nkomati Mine	**NICKEL**					
	Mineral reserves:					
	– Proved	**861**	**2,13**	**1,15**	**0,10**	**6,65**
	– Probable	**293**	**0,64**	**0,33**	**0,03**	**1,36**
	Mineral resources:					
	– Measured	**799**	**2,64**	**1,45**	**0,12**	**8,34**
	– Indicated	**1 060**	**0,64**	**0,26**	**0,03**	**1,28**
	– Inferred	**13**	**2,98**	**0,97**	**0,17**	**5,62**
Expansion Project	**Probable mineral reserves**	**63 533**	**0,48**	**0,22**	**0,03**	**0,96**
	Indicated mineral resources	**140 900**	**0,46**	**0,18**	**0,02**	**1,00**
	Total mineral reserves	64 687	0,50	0,23	0,03	1,04
	Total mineral resources	143 000	0,47	0,19	0,02	1,04

		Tons (thousand)	g/t 3PGE+Au	MOz
Two Rivers Platinum	**PLATINUM**			
	Mineral reserves:			
	– Proved	**1 126**	**4,09**	**0,15**
	– Probable	**43 676**	**3,47**	**4,87**
	Mineral resources:			
	– Measured	**1 400**	**4,75**	**0,21**
	– Indicated	**105 320**	**3,97**	**13,46**
	– Inferred	**10 100**	**3,16**	**1,03**
	Total mineral reserves	44 802	3,49	5,02
	Total mineral resources	116 820	3,91	14,70

		Tons (thousand)	g/t 3PGE+Au	MOz
Modikwa	**PLATINUM**			
	Mineral reserves:			
	– Proved	**3 282**	**4,76**	**0,50**
	– Probable	**12 464**	**4,77**	**1,91**
	Mineral resources:			
	– Measured	**5 949**	**5,42**	**1,04**
	– Indicated	**94 076**	**5,37**	**16,24**
	– Inferred	**166 111**	**5,33**	**28,47**
	Total mineral reserves	15 746	4,77	2,41
	Total mineral resources	266 136	5,35	45,75

		Tons (thousand)	g/t 3PGE+Au	MOz
Kalplats	**PLATINUM**			
	Indicated mineral resources	**7 119**	**1,70**	**0,39**
	Inferred mineral resources	**68 111**	**1,15**	**2,52**
	Total mineral resources	75 230	1,20	2,91

		Tons (thousand)	g/t Au	MOz
Otjikoto (Namibia)	**GOLD**			
	Inferred mineral resources	**25 800**	**1,14**	**0,95**
	Total mineral resources	25 800	1,14	0,95

		Tons (thousand)	% Cu	% Co
Konkola North (Zambia)	**COPPER**			
	Indicated mineral resources	**78 822**	**2,29**	**0,00**
	Inferred mineral resources	**199 220**	**2,47**	**0,02**
	Total mineral resources	278 042	2,42	0,01

		Tons (thousand)	% Cu	% Co
Mwambashi (Zambia)	**COPPER**			
	Indicated mineral resources	**8 700**	**2,73**	**0,05**
	Total mineral resources	8 700	2,73	0,05

3 PGE – platinum, palladium, rhodium

CORPORATE GOVERNANCE

ARM, through the activities of its audit committee and the Group's overall risk management initiatives, endeavours to identify and manage risks and meet the criteria of the King Report on Corporate Governance for South Africa 2002. For further details refer to the corporate governance report on page 36.

CURRENCY AND COMMODITY PRICE RISKS

ARM's revenues are sensitive to currency fluctuations and commodity prices because all of ARM's revenues are generated using metal prices denominated in US Dollars, while most of the costs are incurred in South African Rands. Depreciation of the South African Rand against the US Dollar increases ARM's revenue when translated into South African Rand, thereby increasing the operating margin. Conversely, appreciation of the South African Rand against the US Dollar decreases revenues when translated into South African Rand. Accordingly, the effect on profitability of any change in the value of the South African Rand against the US Dollar can be substantial.

ARM has not actively hedged future exchange rates and commodity prices for the products that it produces against price fluctuations.

HIV/AIDS RISK

The prevalence of HIV/AIDS among our employees poses risks to ARM by potentially reducing productivity and increasing medical and other costs.

ENVIRONMENTAL REGULATIONS

The Mine Health and Safety Act 1996 imposes various duties on mines and grants the authorities broad power to, among other things, close unsafe mines and order corrective action relating to health and safety matters. ARM is well placed to manage proactively the risks in this regard through its sustainable development policy.

DREAM

EXCELLENCE

GOVERNANCE

The directors of African Rainbow Minerals Limited are ultimately accountable to shareholders and have a responsibility, both collectively and individually, to ensure that a high standard of corporate governance is maintained.

The Group has strong commitments to a wide range of corporate governance practices including the maintenance of standards of integrity, accountability and openness advocated in the King Report on Corporate Governance for South Africa 2002 (King II Report) as a minimum. The board of directors believes that in all material matters they have complied with the stipulated requirements of King II. A number of minor exceptions are recorded under the relevant committees.

Board of directors

The Company has a unitary board of 14 directors. The board has four executive members, which includes the chairman, the chief executive officer and financial director plus two non-executive directors and eight independent non-executive directors. The name, experience and expertise of each director are detailed on pages 38 to 39.

Seven board meetings were held during the year ended 30 June 2004, plus one briefing. The board has adopted a charter and a code of ethics. The board charter governs the conduct of the board in relation to strategic planning and performance, capital funding and financial matters, operational matters, legislation compliance, appointment and removal of directors and matters pertaining to board committees, and succession planning. Further, the board has expressly included in its charter and for its various committees regular reviews thus ensuring their continued relevance. Corporate governance is consistently applied and promoted throughout the Group by these means.

The Company's articles of association stipulate that the maximum term of office for directors is three years. One-third of directors retire by rotation annually and, if eligible for re-election, their names are submitted for re-election at the annual general meeting. All directors who were appointed subsequent to the last annual general meeting can seek election at the following annual general meeting. All directors have completed, signed and have submitted to the JSE Securities Exchange, South Africa the section 21 declaration as to qualifications, experience and integrity.

Mr DN Murray's consulting contract with the Company was terminated subsequent to his resignation as a director on 30 April 2004. There are no other consulting contracts with board members.

All directors are entitled to seek independent professional advice about the affairs of the Company and at its expense. Members have access to the advice of the Group company secretary.

The directors' fees and meeting attendance fees payable to the chairman and directors were increased at the annual general meeting held on 11 November 2003. It is proposed that these fees be increased at the forthcoming annual general meeting. The proposals equate to an average increase of ten percent. The objective is to pay directors competitive fees thereby attracting and retaining persons of the appropriate calibre to the board. Full details are to be found in the notice of annual general meeting insert.

Details relating to the board's various committees are reflected below.

BOARD COMMITTEES

The board appoints executive and non-executive directors as members to the various committees. The delegation of authority to committees does not mitigate the board's responsibility for the discharge of its and the directors' duties to the Company's stakeholders. Other than the nomination committee all committees are chaired by a non-executive director, the majority of whom are independent non-executive directors. Independent non-executive directors form the backbone of the committee system.

Following the approval of the Avmin Transaction (refer to Directors' Report on page 60) it was decided to review the membership and purpose of the various board committees as well as their respective charters. The latter process has not yet been completed. The outcome of this process resulted in the dissolution of the risk committee, the redefinition of the role of the sustainable development committee and the establishment of two new committees for empowerment and investment.

BOARD OF DIRECTORS

Patrice Motsepe (42)
Executive chairman
BA – Legal, LLB

Patrice was a partner in one of the largest law firms in South Africa, Bowman Gilfillan Inc. He was a visiting attorney in the USA with the law firm, McGuire Woods Battle and Boothe and was employed by this firm for approximately five years. In 2002 he was voted South Africa's Business Leader of the Year by the CEO's of the top 100 companies in South Africa. In the same year, he was winner of the Ernst & Young Best Entrepreneur of the Year Award. In 1994 he founded Future Mining, which grew rapidly to become a successful contract mining company. He then formed ARMgold in 1997, which listed on the JSE in 2002. ARMgold merged with Harmony in 2003 and this ultimately led to the takeover of Anglovaal Mining (Avmin) by ARM. Patrice is the non-executive chairman of Harmony, the deputy chairman of Sanlam and is also on the board of ABSA. His various business responsibilities include being President of Business Unity South Africa (BUSA), which is the voice of organised business in South Africa. He is also president of the Chambers of Commerce and Industry South Africa (CHAMSA), NAFCOC and Mamelodi Sundowns Football Club.

André Wilkens (56)
Chief executive officer
Mine Managers Certificate of Competency, MDPA (Unisa), RMIIA

André was formerly the Chief executive of ARMplatinum, a division of ARM. Prior to this he was Chief operating officer of Harmony following the merger of that company with ARMGold in 2003. He served as Chief executive officer of ARMGold after joining the company in 1998.
The balance of his 34 years' mining experience was gained with Anglo American Corporation of South Africa, where he commenced his career in 1969 and which culminated in his appointment as Mine manager of Vaal Reefs South Mine in 1993.

Frank Abbott (49)
Financial director
BCom, CA(SA), MBL

Frank was appointed as Financial controller to Randgold in 1992 and was promoted to Financial director of that group in October 1994. Until 1997, he was also a director of the gold mining companies Blyvooruitzicht, Buffelsfontein, Durban Roodepoort Deep and East Rand Property Mines and a non-executive director of Harmony, culminating in his appointment as financial director of Harmony in the same year. He is currently a non-executive director of Harmony.

Dr Manana Bakane-Tuoane (56)
Independent non-executive director
BA, MA, PhD

Manana has extensive experience in the economic disciplines as lecturer and professor at the University of Fort Hare, Eastern Cape. She has held various senior management positions in the public service and currently holds the post of Director-general in the North West Provincial Government. Manana was appointed to the Advisory board of the African Economic Research Consortium, Nairobi, Kenya, in 2000.

MANGISI GULE (52)
Executive director
BA (Hons)

Mangisi has extensive experience in the field of management, training and human resources, communications and corporate affairs. He is a member of various professional and executive associations. Apart from having qualifications in business management from Wits Business School, Mangisi has extensive experience in leadership, mentoring, management, training and human resources. He has been a principal lecturer, chairman of various professional bodies, member of various executive committees and external examiner for the then Department of Education and Training (DET).

Mike King (67)
Independent non-executive director
CA(SA), FCA

Mike served articles with Deloitte, Plender, Griffiths, Annan & Co and qualified as a Chartered Accountant (SA). He later became a Fellow of The Institute of Chartered Accountants in England and Wales (FCA). He joined Anglo American as a Manager in the finance division. In 1997, he was appointed Executive deputy chairman of Anglo American Corporation. He was the Executive vice-chairman of Anglo American plc, appointed in May 1999, until his retirement in May 2001.

Alex Maditsi (42)
Independent non-executive director
BProc, LLB, LLM

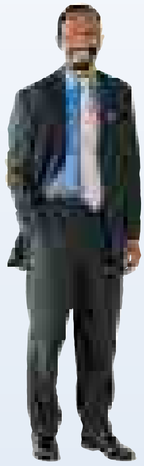
Alex is employed by the Coca-Cola Company as a Legal director. Prior to his joining Coca-Cola, Alex was the Legal director for Global Business Connections in Detroit, Michigan, USA and also spent time at The Ford Motor Company in the USA, practising as an attorney. He is a Fullbright Scholar and a Member of the Harvard LLM Association.

Roy McAlpine (63)
Independent non-executive director
BSc, CA (Scotland)

Roy joined Liberty Life in 1969 and retired as an Executive director in 1998 in order to diversify his interests. He is a former chairman of the Association of Unit Trusts of South Africa and currently serves on the boards of a number of listed companies.

Rick Menell (49)
Non-executive deputy chairman
MA, MSc

Rick has been a merchant banker with JP Morgan in New York and Melbourne. He also worked as an Executive director of Delta Gold in Australia. He joined Anglovaal Mining in 1992 and became CEO in 1999 and Executive chairman in 2002. He is also chairman of The South African Tourism Board, a director of The Standard Bank Group and Mutual & Federal.

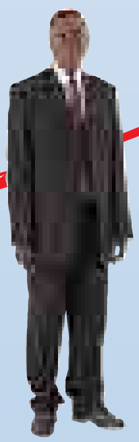


Dr Sibusiso Sibisi (49)
Independent non-executive director
BSc (Hons), PhD

Sibusiso has held various academic positions, most notably the Universities of Witwatersrand, Cape Town and Cambridge. He spent 1988 as a Fullbright Fellow at the California Institute of Technology. He joined the CSIR in 2002 as its President and Chief executive officer. As former chairman of the National Advisory Council on Innovations he advised government on innovation and research. He is also a former Executive director of Plessey (SA).

Dr Rejoice Simelane (52)
Independent non-executive director
BA (Econ and Acc), MA, PhD (Econ)

Rejoice's career commenced as a lecturer at the University of Swaziland where she lectured from 1978 to 1997. She then joined the Department of Trade and Industry in the Macroeconomic Policy Unit and later moved to the National Treasury where she headed the Public Utility Regulation and Pricing directorate, before joining the Premier's Office in the Mpumalanga province as an economic advisor. Rejoice, a Fulbright Fellow, is currently the Chief executive officer of Ubuntu-Botho Investments.



Peter Manda (47)
Independent non-executive director
BJuris, LLB, LLM

Peter is currently the Chief executive officer of the Mamelodi Sundowns Football Club, a position he assumed in September 2004. Prior to this he held a similar position at the Diplomacy, Intelligence, Defence and Trade Education and Training Authority. He was a director of the National Paralegal Institute and Dean of the Faculty of Law at the University of the North West.

Max Sisulu (59)
Independent non-executive director
MPA, MSc

Max joined Sasol in November 2003 as the group's General manager. Prior to this he was the deputy Chief executive officer of Denel. From 2001 to 2003 he was the chairman of the AMD (South African Aerospace, Maritime and Defence Industries). He is also a council member of the Human Sciences Council. Max has led an active political life and has held various positions within the ANC.

Bernard Swanepoel (43)
Non-executive director
BSc (Min Eng), BCom (Hons)

Bernard started his career with Gengold in 1983, culminating in his appointment as General manager of Beatrix Mines in 1993. He joined Randgold in 1995 as Managing director of the Harmony mine. Since Harmony became an independent company, Bernard has, as CEO, led the team behind it's growth and acquisition initiatives. Bernard is a non-executive member of Sanlam and the Vice-president of the South African Chamber of Mines.

SENIOR MANAGEMENT

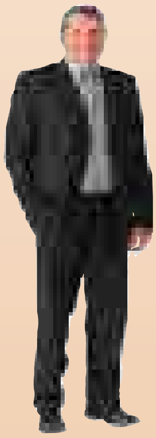
Patrice Motsepe

André Wilkens

Frank Abbott

Mangisi Gule

Bongani Khunene



Jan Steenkamp

John Kilani

Teboho Mahuma

Pieter Rörich

Director Motlala

The information provided to the board is derived from external sources and internally from minutes, plans and reports of the activities of the respective committees; no restrictions are placed upon accessing sources within ARM.

The audit, empowerment and sustainable development committees meet at predetermined times each year, whereas meetings of the investment, nominations and remuneration committees are held as needed.

The board committee system provides the directorate with an effective communication forum. Attendance by members of these committees is reflected in the table "meeting attendance" on page 46.

Audit committee

All four members of this committee are independent non-executive directors. The chief executive officer, financial director and general manager: risk attend these meetings by invitation, as do the external and internal auditors.

The Company's 'The Role of the Audit Committee' is to be replaced with terms of reference incorporating the requirements of the King II Report. Membership of the committee is restricted to independent non-executive directors.

Whilst four meetings are required to be held annually in accordance with the committee's terms of reference, the restructuring of the Company precluded the holding of the requisite number of meetings. Two meetings were held during the year under review. Subsequent to 30 June 2004 two meetings have been held.

The main responsibilities of the audit committee include the safeguarding of the Company's assets, the operation of adequate systems and internal controls, control processes, the preparation of accurate financial reports and statements in compliance with all applicable legal requirements, corporate governance and accounting standards and the overseeing of financial and similar risks in conjunction with the sustainable development committee.

The provision of a "whistle blowing" facility has recently been introduced.

Following the implementation of the Avmin Transaction it was decided that the internal audit function be outsourced. KPMG has been appointed to undertake this task until 31 December 2004. The role of the internal auditors remains the examination and evaluation of the effectiveness of key operating systems of the Group's business. Through this audit process, operating and business risks are highlighted and the systems of operating and financial controls are monitored. All issues are brought to the attention of the audit and sustainable development

BOARD COMMITTEES

Audit Committee

(Appointments with effect from 12 July 2004)
Mike King (Chairman),
Alex Maditsi,
Roy McAlpine,
Dr Rejoice Simelane

Empowerment Committee

Peter Manda (Chairman),
Max Sisulu,
Bernard Swanepoel

Investment Committee

Dr Sibusiso Sibisi (Chairman),
Mike King,
Rick Menell,
Bernard Swanepoel

Nomination Committee

Patrice Motsepe (Chairman),
Alex Maditsi,
Dr Rejoice Simelane

Remuneration Committee

Dr Manana Bakane-Tuoane (Chairman),
Roy McAlpine,
Bernard Swanepoel

Sustainable Development Committee

Rick Menell (Chairman),
Dr Manana Bakane-Tuoane,
Peter Manda,
Max Sisulu

The Chief executive officer attends all committee meetings by invitation and senior managers as required.

committees, as well as to the directors, senior management and external auditors. Issues that require corrective action are discussed by senior management and acted upon with urgency under the auspices of the audit committee.

The external auditors remain Ernst & Young who, as with the internal auditors, have unrestricted access to the audit committee.

Messrs KW Maxwell, DE Jowell, and MZ Nkosi resigned as members of the committee on 30 April and Mr PC Pienaar on 4 February 2004, and were succeeded on 12 July 2004 by the members as indicated on page 41, and Dr PS Sibisi. Dr Sibisi resigned as a member on 2 September 2004.

Empowerment committee

This committee was formed on 12 July 2004. Dr Bakane-Tuoane resigned as a member on 10 November 2004. Mr Manda was appointed chairman as of the latter date. The members are all independent non-executive directors except Mr Swanepoel who is a non-executive director.

The committee's purpose is to identify areas of business opportunities to enable historically disadvantaged South Africans to enter into the mining industry in compliance with the requirements of the Minerals and Petroleum Resources Development Act. The committee is scheduled to meet quarterly with the inaugural meeting being held on 10 November 2004.

Terms of reference have been prepared and will be considered by the committee at its next meeting, and thereafter submitted to the board for consideration. The board approved a preferential procurement policy during the year under review and its provisions are being applied.

Investment committee

The board considered it opportune to form this committee to consider projects, acquisitions and disposal of assets. In addition, the committee's function is to develop and recommend criteria for the selection of investments.

This committee was also formed on 12 July 2004. The committee held its first meeting on 15 September 2004 and a further two since. Meetings are convened as appropriate.

The chairman is an independent non-executive director with the balance of the committee comprising two non-executive directors and one independent non-executive director.

Nomination committee

The Company's chairman leads this reconstituted committee and is assisted by two independent non-executive directors. The appointment of the chairman of the Company as chairman of the committee was considered and ratified by the board on 12 July 2004.

The existing charter is being reviewed. The proposed new terms of reference comprise the identification and evaluation of prospective directors, considering the suitability of directors for election/re-election by shareholders, and the determination of the membership of board committees. The selection process of directors will be both formal and transparent.

Apart from Mr PT Motsepe who remains a member of the new committee, all members of the previous committee (Messrs RP Menell, DE Jowell and MZ Nkozi) resigned on 30 April 2004. The new members were appointed on 12 July 2004.

No committee meetings were held during the year under review.

Remuneration committee

The committee's chairman is an independent non-executive director and the other two members are, respectively, independent non-executive and non-executive directors. Messrs KW Maxwell and RP Menell, former members of this committee, resigned on 30 April 2004 and Dr Bakane-Tuoane was appointed as of 12 July 2004 as a member and chairman on 10 November 2004.

This committee is tasked in terms of its present charter to ensure appropriate levels of remuneration are paid to directors and senior management of the Company. The committee determines broad policy for individual remuneration and benefits thereby maintaining a compensation policy that is both competitive and equitable. The committee authorises the granting of scheme shares or share options to incentive scheme participants in accordance with the current scheme's trust deed.

Two committee meetings were held during the twelve months to 30 June 2004. Executive directors and the manager: human resources attended these meetings by invitation. Post year-end a meeting of the committee has been held.

The committee at the latter meeting considered the changed circumstances of executive directors arising from the Avmin Transaction and approved the remuneration packages paid to those affected. The incentivising of the Company's senior executive was considered. A summary of the proposed Founders' Incentive Scheme, is reflected in the notice of annual general meeting insert. The Scheme is recommended by the board for shareholder consideration at the annual general meeting.

Sustainable development committee

Membership of the current committee was approved by the board on 12 July 2004 and comprises the deputy chairman and three independent non-executive directors. All the previous members, other than Mr Menell, namely Dr MZ Nkosi (chairman), Messrs KW Maxwell, PC Pienaar, and JC Steenkamp resigned during the year under review.

Two committee meetings were held during the year under review. The new committee has held two meetings after the Company's financial year-end. The general manager: risk and executive: sustainable development attend all committee meetings by invitation.

Safety and health matters are considered at every board meeting. The Group safety, health and environmental committee has been disbanded and these functions are now handled by the sustainable development committee.

The committee's charter is presently being reviewed with the objective of embracing a full sustainable development definition inclusive of community development, HIV/AIDS, skills development and risk management following the discontinuance of the risk committee. The audit committee has assumed the responsibility for financial risk management. The proposed new terms of reference provides for meetings to be held quarterly. The Group's sustainable development policy is also being reviewed in parallel with the committee's new terms of reference. The policy is to embrace the requirements of the Mining Charter and its evolvement.

SAFETY

The evaluation of Group statistics and performance incorporates the comparison of Group results against benchmarks provided by other international mining companies and operations, and the meeting of statutory and regulatory compliance requirements. Group safety objectives take cognisance of these benchmarks.

The fundamental approach towards safety within the Group involves the active participation of all employees and contractors in the attainment of "target zero, zero tolerance". A structured approach together with training programmes have been devised and implemented at the operations. This approach encompasses full accountability and empowerment of appropriately appointed persons; embraces risk assessment and risk management; reviews safety performance, and evaluates and analyses accident statistics as prominent features. Safety forums have been established at the operations.

OCCUPATIONAL HEALTH

The evaluation of information provided by the operations against set objectives required by statutory and regulatory compliance. Areas of specific interest to ARM include mangaruom, occupational lung diseases, and noise induced hearing loss.

There is an ongoing process embracing medical examinations on appointment and cessation of employment, and thorough regular testing. Occupational disease prevention programmes are undertaken at all operations.

ENVIRONMENT

The evaluation of reports from operations against statutory and regulatory requirements is undertaken. The approval of funding to meet legislated requirements is considered by the committee annually.

ARM actively addresses its environmental management responsibilities by having its operations audited against International Standards Organisation (ISO) benchmarks. The Group will continue to involve external consultants with the bi-annual environmental and safety audits at all its operations.

HIV/AIDS

A comprehensive strategy has been devised to inhibit the spread of this disease at ARM's operations. Monitoring and evaluation against this strategy continues to receive urgent attention. Those persons affected are being counselled and assisted.

The corporate sustainable development review is to be found on page 48.

RISK MANAGEMENT

The process of risk management continues to be effectively designed, implemented and monitored and is integrated into the day-to-day activities of the Group.

The processes to provide assurance on risk related matters include: The register of strategic, tactical and significant operational risks confronting the Group records those risks identified and quantified together with attendant controls/management assurance. These risks are reported to the audit and sustainable development committees. This ongoing process is reviewed constantly to ensure that risk identification is appropriately focused. A comprehensive risk grading programme is undertaken annually to grade operations against international risk engineering standards for fire, security, engineering, mining, commercial crime and maintenance. In addition, operations are benchmarked against similar operations worldwide. Independent risk consultants are utilised to survey and grade the Group's operations and their results have placed the Group's operations above world average standards of risk preparedness.

Meetings attendance for the year ended 30 June 2004

			Meetings attended/potential meeting attendances				
Director		**Year 2004 appointments/ (resigned) DD/MM/YYYY**	**Board**	**Audit**	**Remuneration**	**Risk**	**Sustainable development**
Motsepe	PT		5/7*				
Menell	RP		7/7		2/2	1/1	2/2*
Abbott	F	30/4/2004	1/1				
Bakane-Tuoane	MMM Dr	30/4/2004	0/1				
Campbell	DN	(30/4/2004)	6/6			1/1	
Jowell	DE	(30/4/2004)	5/6	2/2			
King	MW	30/4/2004	1/1	*			
Maditsi	AK	30/4/2004	1/1				
Manda	PJ	30/4/2004	1/1				
Maxwell	KW	(30/4/2004)	6/6	2/2	2/2		2/2
McAlpine	JR		4/7		2/2		
Murray	DN	(30/4/2004)	6/6			1/1*	
Nkosi	MZ	(30/4/2004)	4/6	2/2		1/1	2/2
Pienaar	PC	(4/2/2004)	3/5				
Sibisi	PS Dr	30/4/2004	0/1				
Simelane	RV Dr	30/4/2004	1/1				
Sisulu	MV	30/4/2004	0/1				
Steenkamp	JC	(30/4/2004)	6/6			1/1	2/2
Swanepoel	ZB		6/7		2/2*		

* Chairman

EXECUTIVE AND STEERING COMMITTEES

Executive committee

The committee is chaired by the Executive chairman and includes the executive directors and senior management within ARM. This committee, working in conjunction with the board, formulates the strategy of ARM.

Steering committee

The committee is chaired by the Chief executive officer and includes other senior management of the Company. This committee implements the strategy and considers operational matters.

TREASURY COMMITTEE

The committee, under the chairmanship of the financial director, meets monthly (and more often as necessary) with Andisa Treasury Services (Proprietary) Limited ("Andisa") to discuss market conditions, treasury operations and existing and future hedging strategies. The primary focus of the committee is the reduction of risk in commodities and currencies. Andisa implements decisions taken. Andisa does not perform an executive or decision-making role. Advice is also sought from other advisors on a continuous basis.

The committee operates within clearly defined parameters set by the board.

CODE OF ETHICS

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

The Company enforces closed periods prior to the publication of its and its subsidiary and associate companies' quarterly, interim and provisional results. During this time directors, officers and designated persons who may have access to price sensitive information, are precluded from dealing in the Company's and its subsidiary and associate companies' securities. A closed period extends from the fifteenth of the month before the end of a reporting period or the financial year until the day of publication of the results in the press. Where appropriate, dealing is also restricted during sensitive periods where major transactions are being negotiated and a public announcement is imminent.

DREAM

UPLIFTMENT

"WE ARE COMMITTED TO EMBEDDING SUSTAINABLE DEVELOPMENT AS AN INTEGRAL PART OF OUR BUSINESS."

KEY ELEMENTS OF THE SUSTAINABLE DEVELOPMENT POLICY

Sustainable development is part of ARM's core business
Effective integration of economic, environmental and social needs

- Safety
- Occupational Health
- Environment
- Social Investment
- HIV / AIDS

GOVERNANCE ISSUES

- Senior management commitment
- Legal compliance and third party verification
- Ethical and transparent behaviour and practices
- Constructive engagement with employees and other stakeholders

The five primary pillars of the ARM policy on sustainable development are safety, occupational health, the environment, social and community investment, and HIV/AIDS. The key premise of the sustainable development policy is its ability to convert the raw ore that ARM mines (natural resource capital) into sustained shareholder income as well as new forms of capital such as economic, social and human capital, all of which are essential requirements for sustainable development to succeed.

COMMITMENT

At ARM we are committed to:

- Embedding sustainable development as an integral part of our business;
- An occupational health and safety approach that views any incident in a serious light and any accident at any of the operations as unacceptable;
- The prevention and management of HIV/AIDS as a key strategic health imperative;
- An environmental goal that seeks to effectively and beneficially integrate the end use of mining land into the community and ecology;
- Legal compliance (as a minimum), including clear and effective communication with government and the public, with third party verification of performance reports;
- Ethical and transparent behaviour and practices based on the principles of honesty, equity, freedom and opportunity for everyone;
- Willing and constructive engagement with employees on matters of mutual concern;
- Working smartly, responsibly and efficiently to effectively integrate economic, environmental and social needs as a basis for continuously improving performance and ensuring trust;
- Investing one percent of our pre-tax profit to seed and enable sustainable development initiatives in communities; and
- Introduce a preferential procurement policy.

FRAMEWORK

Each ARM operation is encouraged to develop its own sustainable development policy, strategy and programme to meet its unique circumstances and to give effect to the Group's commitment to sustainable development. To this end, the policy framework is as follows:

- Business case for sustainable development: A policy, strategy and programme at each operation reflecting the premise that sustainable development makes good sense, and that ultimately, it is the core of what will sustain business itself;
- Community development: The involvement of local communities and other role players in decisions impacting upon our respective needs and concerns;
- Communication: Effective communication with all role players in the process of achieving "buy-in" and ownership;
- Partnership approach: Implementing sustainable development programmes in a manner complementary to state planning and in partnership with government and other role players where appropriate; and
- Roles and responsibilities: Clear definition of the identity and responsibility of the various role players.

It is the duty of all businesses in South Africa to contribute to the development of a sustainable future. To achieve this we must fight against the HIV/AIDS pandemic, continuously improve our safety standards, uplift local communities and preserve the environment. ARM's philosophy is to create wealth for our stakeholders and jobs for the long term, whilst at the same time contributing to the overall well-being of our employees, their families and the communities within which we operate. We are committed to building infrastructure and developing mines in a manner that minimises the impact on the environment.

ARM's operations are located in the developing regions of southern Africa where the local communities are faced with the barriers of desperate poverty, the HIV/AIDS pandemic and a distressing lack of access to water and other basic resources. It is ARM's mission to contribute towards uplifting the local communities around our operations, assisting them along the road to economic independence. At the same time, the detrimental effects of mining activities on the environment are minimised, and where possible the land restored to its original state after mining activities have ceased.

The provision of a safe and healthy workplace for our employees is of paramount importance and is supported by safety training and HIV/AIDS prevention. A golden thread throughout our entire strategy is the involvement of local communities and other stakeholders in all decisions impacting upon their needs and concerns.

The ARM Group Sustainability Strategy provides the framework within which all operations are expected to perform. In addition, each operation is allowed a large measure of flexibility, enabling it to refine its own safety, health, environment and community strategies to meet local conditions or to take into consideration special requirements imposed by particular processes or conditions.

"IT IS ARM'S MISSION TO CONTRIBUTE TOWARDS UPLIFTING THE LOCAL COMMUNITIES AROUND OUR OPERATIONS, ASSISTING THEM ALONG THE ROAD TO ECONOMIC INDEPENDENCE."

AT BEESHOEK WE HAVE MADE TREMENDOUS PROGRESS SINCE 2003, ACHIEVING RECOGNITION AND CERTIFICATION FOR THE MOST SUCCESSFUL HIV/AIDS PROGRAMME WITHIN ARM.

WE DON'T JUST COMPLY WITH OCCUPATIONAL HEALTH LEGISLATION, WE SEE IT AS A WAY OF ACTIVELY CARING FOR OUR PEOPLE.

SUSTAINABLE DEVELOPMENT SNAPSHOTS

ARM ferrous

Beeshoek – iron ore mine

At Beeshoek we have made tremendous progress since 2003, achieving certification for the most successful HIV/AIDS programme within ARM. During the year, some of our HIV/AIDS initiatives were: the presence of a traditional healer at our governance committee meeting, an HIV positive individual addressing our quarterly meeting and general workforce access to an employee assistance programme practitioner and HIV/AIDS training.

We also currently hold the Department of Minerals and Energy's safety achievement flag as part of an awards scheme run by the Mine Health and Safety Council in Pretoria. The flag was awarded to us in 2003 for our Excellence in Safety between 1999 and 2003.

A major focus at Beeshoek this year has been certification for the integration of ISO 9000, ISO 14000 and OHSA 18000. We were accredited with ISO 9000 in December 2003 and attained ISO 14000 accreditation prior to that. We are yet to acquire OHSA 18000 accreditation. These accreditations will be integrated into a Safety, Health, Environmental, Risk and Quality system later this year.

Black Rock – manganese mine

One of the biggest achievements at Black Rock has been the approval of our Environmental Management Programmes. The implementation of these programmes continues.

We are pleased with the progress of one of our community development projects, which involves the cultivation, harvesting and protection of the Devil's Claw plant. We have identified a local family, for whom housing has been built, and they have already cultivated 5 000 plants. This unusual and highly important project will provide the family with income over a sustained period.

Dwarsrivier – Chrome mine

There is a strong focus throughout the mine on safety and health. Specific programmes have been put into place to deal with HIV/AIDS, these include counselling and education on the prevention of HIV/AIDS.

Water is an important resource, and therefore measures have been put into place to recycle water. Rainwater is recycled to reduce the amount of water the mine extracts from the river, its primary source of water.

With respect to community development, the mine holds quarterly meetings with representatives from the local community to discuss issues of mutual interest. Projects invested in include: The Kopano Agricultural project; and an educational project at the Marambane Primary School in Lydenburg.

Cato Ridge – manganese alloys

In January 2003 a safety competition was established to improve Lost Time Injury Frequency Rates. This competition has motivated employees and produced some positive results.

With the appointment in the past year of an Environmental Officer our focus on the environment has increased. A water permit and contract to treat the material from a large slag dump at a Metal Recovery Plant have been approved. Manganese metal will be recovered and sold as will the resulting slag, which will be used as road aggregates and for concrete blocks. This programme will lead to the entire metal waste plant being degraded over the next five years, reducing the company's closure costs. This will also positively affect the environment and potentially benefit the community through job creation.

With respect to the health of our employees, we have an on-site primary occupational health clinic, and with the assistance of the University of Natal finalised an HIV/AIDS policy with the employee unions. The policy was signed in May 2004 and includes the implementation of a wellness programme as well as an Anti-Retroviral Treatment.

A major achievement this year has been a significant reduction in disabling injuries and the subsequent increase in our National Occupational Safety Association rating.

IN TERMS OF THE ENVIRONMENT, WATER IS SUCH AN IMPORTANT RESOURCE. WE RECYCLE RAINWATER BY PUMPING IT FROM THE PITS TO A DAM IN ORDER TO KEEP IT IN THE MINE WATER CIRCUIT AND REDUCE THE AMOUNT OF WATER WE EXTRACT FROM THE RIVER.

THIS PROGRAMME WILL LEAD TO THE ENTIRE METAL WASTE PLANT BEING DEGRADED OVER THE NEXT FIVE YEARS, REDUCING THE COMPANY'S CLOSURE COSTS. THIS WILL ALSO POSITIVELY AFFECT THE ENVIRONMENT AND POTENTIALLY BENEFIT THE COMMUNITY THROUGH JOB CREATION.

Machadodorp – chrome alloys

The Lost Day Injury Frequency Rate for the year was 4.8, less than half the target set for the year, which demonstrates the significant improvement in safety during the year.

In May 2004 the mine successfully passed the combined South African Bureau of Standards Surveillance Audit conducted on all three ISO systems (ISO 9000, ISO 14000 and OHSA 18000).

Community development projects include a child and senior citizen's feeding scheme at both the Emthonjeni Crèche and at the informal settlement, a twelve month/twelve module HIV/AIDS awareness training scheme, and a Winter school. The projects are aimed at uplifting the communities and developing their life skills in a sustainable way.

ARM platinum

MODIKWA – PGMS

Modikwa is a new mine and therefore employs the latest technology to produce cutting edge safety programmes.

At Modikwa the aim is to make behavioural safety part of each person's day-to-day life, thus making the person a 'safe' individual in the broader sense.

In our first ten months of the year, half a million shifts were completed without any fatalities. On two occasions, the mine achieved a million Lost Time Injury Free man shifts, which means two months of continuous production without having a Lost Time Injury.

The mine is involved in six projects assisting the local communities to better the environment. The rehabilitation of an old slimes dump, which belonged to a chrome mine that has now ceased to operate, generates a profit. The benefits from this project are ploughed back into the community, specifically into schooling and roads projects.

WE HAVE UNDERTAKEN TO REHABILITATE THE OLD SLIMES DUMPS… BY RE-MINING THEM… WE GENERATE A PROFIT, WHICH IS PLOUGHED BACK INTO THE COMMUNITY INTO SCHOOLING, ROADS AND OTHER PROJECTS.

Nkomati – Nickel, PGMs

At Nkomati the implementation of a behaviour based safety system has had a positive influence on injury frequency rates.

Some significant changes have been made in the way we manage the health of our employees. An on-site medical practitioner and team of healthcare professionals, who visit Nkomati every six weeks with a radiology truck and clinic, are now assisting staff with their health requirements. This new medical team has a vested interest in keeping people healthy and preventing minor ailments from becoming major problems for them. The clinic is also a useful tool in the HIV/AIDS programme, making voluntary HIV/AIDS and STD counselling and testing accessible.

Nkomati is involved with several community development projects including: the JM Dlamini Disability Centre, the Kya-Lami Old Age Centre, the Amanzi Primary School, the Cross Roads Programme, the Education Project, the Heartbeat project and the Grass Cutters Co-operative, all of which focus on different aspects of community life and on meeting the needs of individuals.

Two Rivers – PGMs

Two Rivers' Water Use and Mining licences have been approved, as has its Environmental Management Plan.

As part of Two Rivers' Environmental Management Plan, animals as well as six and a half thousand sensitive plant species have been relocated. Permanent earthworks have been established around the box cuts, which have been planted with aloes and seeded with indigenous grass, and sensitive species are nurtured in the on-site nursery. The long term focus is to establish the De Berg Conservancy Programme, which is dedicated to environmental conservation. The programme will establish an area where land owners' rights are guaranteed if sustainable.

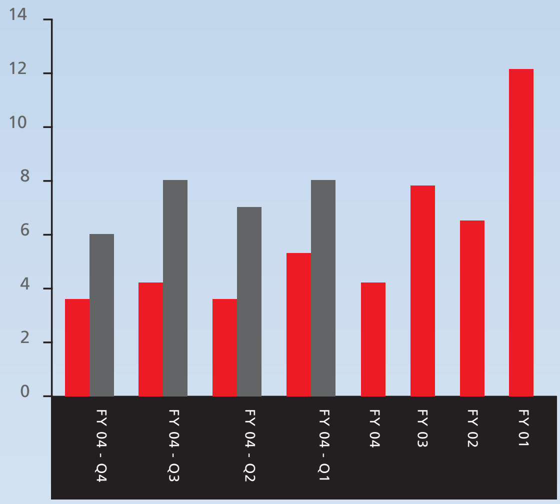
Two Rivers also takes an active interest in heritage development, as it is home to several sites of specific interest.

OUR NEW MEDICAL TEAM HAS A VESTED INTEREST IN KEEPING PEOPLE HEALTHY AND PREVENTING MINOR AILMENTS FROM BECOMING MAJOR PROBLEMS FOR THEM.

AS PART OF TWO RIVERS' ENVIRONMENTAL MANAGEMENT PLAN, ANIMALS AS WELL AS SIX AND A HALF THOUSAND SENSITIVE PLANT SPECIES HAVE BEEN RELOCATED.

GROUP SUMMARISED SAFETY STATISTICS

The summary of the safety statistics for the year ended 30 June 2004 is shown in the figures and table below. The Lost Day Injury Frequency Rate (LDIFR) remained well below the target for the year, and decreased from 5,3 in the first quarter to 3,6 in the fourth quarter. The total number of reportable accidents for the year was 28. Regrettably, two people lost their lives during the year. The board, management and employees extend their condolences to the bereaved family and friends.



ARM summarised safety statistics year ended 2004

LDIFR – Lost Day Injury Frequency Rate

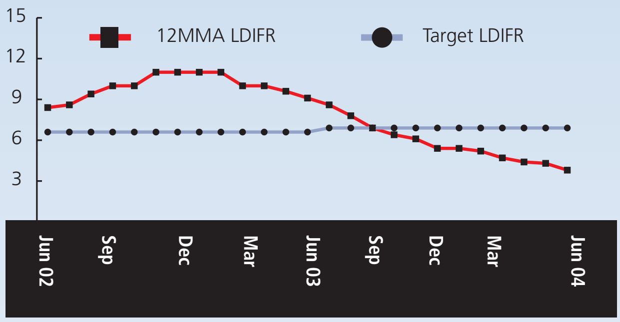
Reportables – reportable accidents as defined by safety laws

Lost Day Injury Frequency Rate (LDIFR) – Statistics for the year ended 2004

OPERATION	Q1 Sep 03	Q2 Dec 03	Q3 Mar 04	Q4 Jun 04	YTD	FY 04 Target	FY 04 Planned LDIs	FY 04 Actual LDIs
Beeshoek	–	3,7	4,9	1,6	2,5	4,1	9	6
Black Rock	8,3	5,5	4,2	2,6	5,0	7,0	26	20
Dwarsrivier	–	–	–	4,4	1,3	2,0	1	1
Modikwa	4,6	3,7	6,0	8,1				
Nkomati	5,4	12,5	–	6,3	6,0	5,6	4	4
Two Rivers Platinum	–	–	–	11,2	2,6	5,0	–	1
Cato Ridge	4,6	–	7,4	4,9	4,8	7,0	12	8
Machadodorp	6,7	2,5	5,0	5,0	4,8	10,0	17	8
Group	5,3	3,6	4,2	3,6	4,2	6,9	115	48

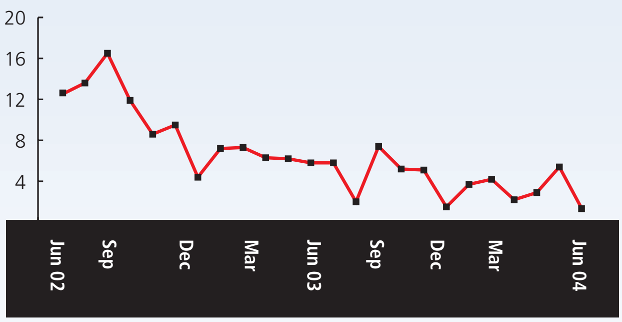
The Lost Day Injury Frequency Rates (LDIFR) of all the operations, except Nkomati, were below their targets for the year. The number of lost day cases for ARM decreased from 12 in the third quarter to 11 in the fourth quarter, while the number of lost days decreased from 252 to 219.

The graph below shows the 12-Month Moving Average ("12MMA") Lost Day Injury Frequency Rate ("LDIFR") for ARM as a whole (each data point represents the average for the 12 months ending with the particular month).



LDIFR – 12-Month Moving Average (12MMA)

The decrease in the Lost Day Injury Frequency Rates (LDIFR) during the last twelve months resulted in the downward trend of the 12MMA Lost Day Injury Frequency Rates (LDIFR).



LDIFR – Monthly

GROUP COMMUNITY INVESTMENT

Our challenge continues to be in finding a balance between channelling our limited resources into activities with long-term benefit such as education and skills training, whilst at the same time addressing the more immediate needs for food and other relief. Current levels of HIV infection and AIDS related deaths pose a further challenge as not only are the country's skills being depleted, but the poverty cycle is also perpetuated.

In addition to the initiatives at ARM operations, the Company has Group trusts through which we initiate and support programmes that reach out to the broader South African community. The trusts focus on work creation and training/support of maths and science educators. Some of our resources support welfare initiatives that cater for the needs of children, the frail aged, and the profoundly disabled.

IN ADDITION TO THE INITIATIVES AT ARM OPERATIONS, THE COMPANY HAS GROUP TRUSTS THROUGH WHICH WE INITIATE AND SUPPORT PROGRAMMES THAT REACH OUT TO THE BROADER SOUTH AFRICAN COMMUNITY.

The chart below shows the distribution of funds during the financial year:

Group community investment

DIRECTORS' RESPONSIBILITY RELATING TO ANNUAL FINANCIAL STATEMENTS

It is the directors' responsibility to prepare annual financial statements that fairly present the state of affairs and the results of African Rainbow Minerals Limited, formerly Anglovaal Mining Limited, and of its Group of companies. The external auditors are responsible for independently auditing and reporting on these annual financial statements.

The annual financial statements set out in this report have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice and International Financial Reporting Standards. They are based on appropriate accounting policies which have been consistently applied, and which 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 of the Company will not be a going concern in the year ahead.

To fulfil its responsibilities, management maintains adequate accounting records and has developed and continues to maintain systems of internal controls. The Company and its subsidiaries' and associated companies' internal controls and systems are designed to provide reasonable but not absolute assurance as to the integrity and reliability of the annual financial statements and to adequately safeguard, verify and maintain their assets. 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 during the year under review.

The annual financial statements and Group annual financial statements which appear on pages 59 to 114 were approved by the directors and are signed on their behalf on 8 December 2004 by:

Patrice Motsepe
Executive Chairman

André Wilkens
Chief Executive Officer

Johannesburg
8 December 2004

CERTIFICATE BY COMPANY SECRETARY

I 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 lodged with the Registrar of Companies and that such returns are true, correct and up to date.

RH Phillips
Group Company Secretary

Johannesburg
8 December 2004

AUDITORS' REPORT

TO THE MEMBERS OF AFRICAN RAINBOW MINERALS LIMITED

We have audited the annual financial statements and Group annual financial statements of African Rainbow Minerals Limited, formerly Anglovaal Mining Limited, set out on pages 60 to 114 for the year ended 30 June 2004. 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 from 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 the Group at 30 June 2004 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 Financial Reporting Standards and in the manner required by the Companies Act in South Africa.

Ernst & Young

Ernst & Young
Chartered Accountants (SA)
Registered Accountants and Auditors

Johannesburg
8 December 2004

DIRECTORS' REPORT

The Avmin Transaction

An announcement was made on 13 November 2003 relating to the in principle agreement to a range of indivisible transactions involving certain of the interests of Anglovaal Mining Limited (Avmin), African Rainbow Minerals & Exploration Investments (Proprietary) Limited (ARMI) and Harmony Gold Mining Company Limited (Harmony). The shareholders on 15 April 2004 approved the "Avmin Transaction" and Avmin's name was changed to African Rainbow Minerals Limited (ARM). The Avmin Transaction became unconditional on 3 May 2004 on the meeting of the remaining suspensive conditions.

These actions resulted in the creation of the largest black-controlled mineral resources company in South Africa with ARMI controlling 62,9 percent of the Company's issued share capital by way of a voting agreement with Harmony. The Company's portfolio of assets, as a result, has significantly changed as our 42,2 percent interest in Avgold Limited (Avgold) has been sold to Harmony in exchange for shares in that company. Simultaneously, in another exchange of shares, ARMI's 13,6 percent indirect interest in Harmony was acquired in exchange for new ARM shares resulting in ARM holding 22,0 percent of Harmony at 3 May 2004. This shareholding was reduced to the current 19,8 percent following Harmony's successful offer to Avgold minorities.

ARM's PGM interests were significantly enhanced by the acquisition of the following:

- The entire issued share capital of African Rainbow Minerals Platinum (Proprietary) Limited (ARM Platinum (Proprietary) Limited), which owns 83 percent of ARM Mining Consortium Limited that in turn has a 50 percent interest in the Modikwa Joint Venture, which was acquired from ARMI;
- The shareholders' loans of R549,2 million made by ARMI to ARM Mining Consortium; and
- The Kalplats Exploration Project and associated mineral rights from Kalahari Goldridge Mining Company Limited (Kalgold).

The individual share components of this transaction are reflected under acquisitions and disposals on the following page.

Holding company

The Company's largest shareholder is ARMI and in conjunction with Harmony, the second largest stakeholder, ARMI exercises control by way of a voting agreement with a three year term effective from 1 May 2004. These companies respectively hold 42,97 per cent and 19,00 percent of the issued ordinary share capital of the Company. Control of these shares vest in ARMI.

Business of the Company

The business of the Company and its subsidiaries and associates is to explore, develop, operate and hold interests in the mining and minerals industry. The current operational focus is for precious, base and ferrous metals.

The Company's shares are listed through a primary listing on the JSE Securities Exchange, South Africa and a secondary listing on the London Stock Exchange. An American Depository Receipt Level One Program is effective in the United States.

Review of operations

The reader is referred to the Year in Review by the Executive chairman and Chief executive officer and the reports that incorporate the activities and results of operations of the Group for the year ended 30 June 2004; pages 6 to 24.

The most significant events that occurred during the year ended 30 June 2004 were:

- The Avmin Transaction already mentioned.
- The remaining 25 percent of the Nkomati nickel mine was acquired from Anglo Operations Limited on 1 February 2004. From this date all income, assets and liabilities from this mine have accrued to ARM.

Acquisitions and disposals

The following significant transactions occurred during the year ended 30 June 2004:

Acquisitions and disposals by ARM	Effective date	Settled by	Ordinary shares	To other party
The Avmin Transaction Harmony: 28 630 526 shares	3 May 2004	Transfer of	286 305 263 Avgold	Harmony
Harmony: 35 002 396 shares	3 May 2004	Allotment of	70 753 843 ARM	ARMI
ARM Platinum: 100%	3 May 2004	Allotment of	6 812 206 ARM	ARMI
ARM Consortium: Loans of R549,2 million	3 May 2004	Allotment of	10 184 368 ARM	ARMI
Kalplats Exploration Project and associated mineral rights	3 May 2004	Allotment of	2 000 000 ARM	Kalgold
Further acquisition by ARM Nkomati Joint Venture: Remaining 25%	1 February 2004	Cash: R260,0 million	Nil	Anglo Operations Limited
Disposal by ARM Assore Limited	4 May 2004	Cash: R164,5 million	2 610 600 Assore	The Standard Bank of South Africa Limited

Changes in accounting policies

No changes were made to the accounting policies during the year ended 30 June 2004. The policies stated in the annual financial statements are the same as for the year ended 30 June 2003.

Financial

The financial position of the Company and the Group and the results of their operations and cash flows for the year under review are reflected in the annual financial statements. Group borrowings at 30 June 2004 totalled R1 831 million (2003: R687 million) and at the date of this report are R1 745 million. The increase in borrowings can mainly be attributable to the assumption by the Company in terms of the Avmin Transaction of ARM Mining Consortium Limited's external debt totalling R777 million. Further borrowings were utilised to fund capital expenditure at Assmang Limited's (Assmang) mines – R227 million, the AvAlloys project – R20 million and R260 million paid for the acquisition of Anglo Operations Limited's 25 per cent interest in the Nkomati mine. Chambishi and other loan repayments were made during the year under review. The Company's borrowing powers are, in accordance with its articles of association, unlimited subject to any regulation that may be made by the Company in general meeting. There are at present no such regulations.

On 30 April 2004 the Company's investment in Avgold was sold to Harmony with the purchase consideration being paid by the allotment of shares in Harmony. There are five ARM directors on the Harmony board. As a consequence ARM has had the power to exercise significant influence over Harmony's affairs and accordingly this investment is equity accounted as an associate.

Comparative figures

In April 2003 Avmin sold down a portion of its investment in Avgold from 55,9 percent to 42,2 percent. Avgold's results continued to be consolidated after that date as eight of the ten directors on the Avgold board were appointed by Avmin and this situation remained after the dilution in interest. International Accounting Standard IAS 27 paragraph 13(d) which refers inter-alia to the "power to cast the majority of votes at meetings of the board of directors" was interpreted by the board to mean that the group still controlled Avgold.

During the current year there was globally new thinking and interpretation on the issue of "effective control", and it was concluded that the power to appoint the majority of directors must be by legal or contractual right and that effective control is not the type of control that the statement intended. Therefore although Avmin did actually have control of the Avgold board this does not constitute control as intended by IAS 27. This has the result that Avgold is considered to be an associated company that is equity accounted and not a subsidiary to be consolidated.

This revised accounting treatment has been applied in the 2004 annual financial statements and as a result the 30 June 2003 comparative financial statements and notes thereto for the ARM Group have been restated to equity account the results of Avgold as an associate from 1 May 2003.

Previously reported headline and basic earnings and attributable net asset value for June 2003 are unchanged.

The impacts on the June 2003 annual financial statements are:

Rm	Before	Restated
Basic loss	191	191
Headline earnings	197	197
Total assets	7 161	5 468
Shareholders' interest in capital and reserves	2 511	2 511
Loss per share (cents)	170	170
Headline earnings per share (cents)	176	176

Share capital

The Company's authorised share capital was increased by special resolution during the year from 300 million ordinary shares to 500 million ordinary shares at 30 June 2004.

At 30 June 2004	**R million**
Authorised share capital	
500 000 000 ordinary shares of five cents each	25,0
Issued share capital	
Movements during the year were:	**Shares**
Shares in issue at 1 July 2003	112 601 980
Shares allotted to ARMI	87 750 417
Shares allotted to Kalgold	2 000 000
Shares issued for options exercised by share incentive scheme participants	1 855 671
Shares in issue at 30 June 2004	204 208 068

Shareholder spread

The following are the only shareholders beneficially holding, directly or indirectly, in excess of five percent of the ordinary shares of the Company as at 30 June 2004:

Major shareholders	**Registered shareholder shares held**	**% Issued equity**	**Beneficial shareholder shares held**	**% Issued equity**	
Nedcor Bank Nominees Limited	19 314 127	9,46			
Old Mutual Holdings	11 891 973	5,82	11 891 973	5,82	Old Mutual Life Assurance Company SA Limited
SMK Genomineerdes (Proprietary) Limited	128 566 233	62,96	87 750 417	42,97	African Rainbow Minerals Exploration & Investment (Proprietary) Limited
			38 789 761	19,00	Harmony
Standard Corporate & Merchant Bank custody account	22 497 218	11,02			
Directors	–	–	263 149	0,13	Directors
	182 269 551	89,26	138 695 300	67,92	**Non-public shareholders**
Minorities	21 938 517	10,74	65 512 768	32,08	**Public shareholders**
	204 208 068	100,0	204 208 068	100,0	

Further shareholder analyses are reflected on page 121.

Taxation

An appeal has been lodged against the Company's 1998 return of income assessment issued by the South African Revenue Services (SARS). If our appeal is unsuccessful the Company's assessment will be R107 million plus interest.

Returns of income for financial years 2001, 2002 and 2003 have been submitted to the SARS. Assessments have been received from the SARS for the 1999 and 2000 returns of income, and objections and appeals thereto, have been made.

Dividend

No dividends were declared during the year given the need to conserve cash arising from high levels of capital expenditure.

No final dividend is proposed for the year ended 30 June 2004.

Loans for purchase of mineral rights and mine development costs

The Company has advanced loans to certain subsidiary prospecting companies to finance the purchase of mineral rights and costs related to mine development.

The Company's direct and indirect interests in its principal subsidiaries, associates and investments are reflected in separate reports; refer pages 112 to 114.

Support of the democratic process

The board considered that the Company should promote the culture of democratic politics in South Africa. The amount to be donated to political parties was to be determined by the board prior to national parliamentary elections and distributed in proportion to the tangible support parties received at the previous election as verified by the Independent Electoral Commission. The aggregate donation made to political parties for the 2004 election was R2,0 million.

Post-balance sheet events

Subsequent to the balance sheet date no significant events have taken place.

Directorate

The names and details of the directors of the Company are reflected on pages 38 and 39.

The directors on 4 May 2004 elected Messrs Motsepe and Menell as the Company's Executive chairman and deputy chairman, respectively. These offices are subject to annual election in terms of the articles of association. Mr JC Steenkamp was appointed as the Chief executive officer of the Company on 1 July 2003 and on 1 May 2004 became the Chief executive: ferrous metals, relinquishing the former position. Mr Abbott assumed the role of financial director with effect from the date of his appointment.

Subsequent to the financial year end on 26 October 2004, Mr AJ Wilkens was appointed Chief executive officer and elected to the board. On 1 December 2004, Mr WM Gule was appointed an Executive director. Mr Motsepe remains the Executive chairman.

The following appointments and resignations occurred during the year under review:

Director	Appointed	Resigned
F Abbott	30/4/2004	
MMM Bakane-Tuoane Dr	30/4/2004	
DN Campbell		30/4/2004
DE Jowell		30/4/2004
MW King	30/4/2004	
AK Maditsi	30/4/2004	
PJ Manda	30/4/2004	
KW Maxwell		30/4/2004
DN Murray		30/4/2004
MZ Nkosi Dr		30/4/2004
PC Pienaar		04/2/2004
PS Sibisi Dr	30/4/2004	
RV Simelane Dr	30/4/2004	
MV Sisulu	30/4/2004	
JC Steenkamp		30/4/2004

The consultancy agreement with Mr DN Murray was cancelled on 30 April 2004 on his resignation as a director. There are no other service or consultancy contracts between the Company and its directors.

All the appointments made to and resignations from the board on 30 April 2004 arose from the acquisition of a controlling interest in the Company by ARMI (refer, Holding company, on page 60) resulting in a restructuring of the board of directors. Those directors appointed at this date and subsequent to 30 June 2004 hold office until the forthcoming annual general meeting. The directors so appointed are eligible to seek election. The names and brief curricula vitae of the directors seeking election may be found in the notice of annual general meeting.

Every year at least one third of the directors retire by rotation in terms of the Company's articles of association and are required to seek re-election at the annual general meeting. Messrs RP Menell and JR McAlpine are so affected. Their curricula vitae are in the notice to annual general meeting.

DIRECTORS' REPORT continued

Directors' emoluments

The below detailed emoluments were paid to directors by ARM and Assmang and Avgold, during the year ended 30 June 2004. The comparative figures for 2003 have been similarly restated.

All figures in R000	Board and committee fees	Salary	Bonus and performance-related payments#	Pension scheme contri-butions	Severance[1] packages	Exercise of share options gains	Total 2004	Total 2003
Executive directors								
PT Motsepe*	91	450					**541**	–
RP Menell	162	2 081	1 380	215	4 712		**8 550**	3 242
DN Murray◩▸							**–**	7 622
F Abbott◦	15	261[2]	–	40[2]	–		**316**	–
DN Campbell ◩	80	1 728	1 252	138	3 129		**6 327**	673
JC Steenkamp◩	89	2 198	715	185	2 160		**5 347**	1 624
	437	6 718	3 347	578	10 001	–	**21 081**	13 161
Non-executive directors								
MMM Bakane-Tuoane Dr◦	10						**10**	–
DD Barber*							**–**	64
PM Baum*							**–**	60
BE Davidson*							**–**	65
B Frank							**–**	64
DE Jowell◩	88						**88**	81
MW King◦	14						**14**	–
N Livnat							**–**	21
AK Maditsi◦	14						**14**	–
PJ Manda◦	14						**14**	–
KW Maxwell◩	124						**124**	131
JR McAlpine	90						**90**	77
BM Menell							**–**	50
PT Motsepe*							**–**	7
DN Murray◩▸	88		3 680•				**3 768**	–
MZ Nkosi Dr◩	104						**104**	98
R Oron							**–**	13
PC Pienaar*^	48						**48**	14
PS Sibisi Dr◦	10						**10**	–
RV Simelane Dr◦	14						**14**	–
MV Sisulu◦	10						**10**	–
ZB Swanepoel*	95						**95**	10
	723	–	3 680	–	–	–	**4 403**	755
Total	1 160	6 718	7 027	578	10 001	–	**25 484**	13 916

Refer to next page for footnotes.

Directors' emoluments continued

#	Bonuses and performance-related payments made to directors. These payments are considered individually for each affected director by the remuneration committee and are weighted as to performance.		
1	Severance packages. Arising from the successful conclusion of the Avmin Transaction a number of managerial changes occurred within the ranks of the executive directors resulting in severance packages being paid to the persons affected. Mr RP Menell relinquished the role of Executive chairman for that of Non-executive deputy chairman. Mr DN Campbell, the Chief financial officer, was succeeded by Mr F Abbott and Mr JC Steenkamp's position as Chief executive officer was terminated and he was appointed as Chief executive: ferrous metals. Mr PT Motsepe assumed the role of Executive chairman of the Company.		
2	Emoluments pro-rated from commencement of term of office on 30 April 2004.		
*	Acted in represented capacity; fees paid to the shareholder represented.		
•	Exercised share appreciation rights awarded while employed as Chief executive officer.		
^	Resigned	4 February 2004	
▸	Retired	1 July 2003	Mr DN Murray during the year ended 30 June 2004 exercised the following share appreciation rights: 29 670, 9 662, 59 650 and 34 497 with the respective issue strike prices of R18,50. R27,60, R35,55, and R36,00 with an average exercise strike price of R43,00 per right. The remuneration from the abovementioned transactions have been combined in the table on the previous page. The exercise strike price is the closing price on the JSE Securities Exchange, South Africa on the day on which the right is exercised. At 30 June 2004 Mr Murray held rights against 4 831, 29 827 and 68 995 rights with the issue strike prices of R27,60, R35,55 and R36,00 per right. These remaining rights are exercisable until 30 June 2005 and thereafter lapse. The above detailed rights accrued to Mr Murray during his term of office as Chief executive officer of the Company.
◦	Appointed	30 April 2004	
◩	Resigned	30 April 2004	

Mr ZB Swanepoel, a non-executive director of ARM is employed by our associate company, Harmony, and received emoluments during the year ended 30 June 2004 from the latter: Retained bonus from the previous year R3,0 million, salaries and benefits R1,7 million, and retirement contribution R0,3 million.

Mr PT Motsepe, in his capacity of non-executive chairman of Harmony, received directors fees of R65 000 for the year ended 30 June 2004.

DIRECTORS' REPORT continued

Directors' emoluments continued

Directors' fees and attendance fees paid during the year ended 30 June 2004 were:

	Annual	Per meeting
Chairman	R100 000	R7 000
Director	R60 000	R4 200

These fees are payable quarterly in arrears and were last increased at the annual general meeting held on 11 November 2003; effective from 1 July 2003.

A motion will be proposed at the annual general meeting in accordance with the articles of association, to increase the directors' fees and attendance fees payable annually and per meeting. Please refer to notice of annual general meeting.

Committee fees, payable during the year ended 30 June 2004, per meeting:

	Audit	Nomination	Remune-ration	Risk	Sustainable development
Chairman	R10 500	R7 200	R7 200	R8 700	R7 200
Member	R6 500	R4 400	R4 400	R5 200	R4 400

These fees were determined by the board of directors.

Subsequent to 30 June 2004 the board established two new committees, namely empowerment and investment, and simultaneously decided to disband the risk committee. The audit and sustainable development committees have assumed the latter committee's functions.

Interests of directors

The direct and indirect beneficial and deemed beneficial interests of the directors of the Company (including after due enquiry in this regard, their family interests) in the issued share capital of the Company at 30 June 2004 were as follows:

Ordinary shares	30 June 2004 Beneficial	30 June 2004 Non-beneficial	30 June 2003 Beneficial	30 June 2003 Non-beneficial
Direct interests				
Executive directors				
RP Menell	–	–	263 149	–
Non-executive directors				
RP Menell	**263 149**	–	–	–
Indirect interests				
Executive directors			–	–
PT Motsepe	–	**87 750 417**		
Non-executive directors	–	–	–	–
Total	**263 149**	**87 750 417**	263 149	–

Subsequent to 30 June 2004 to the date of this report the Company has been notified by Mr RP Menell of the acquisition of an additional 160 000 shares derived from the exercising of the like number of share options at an average price per share of R4,24. The shares are beneficially held in his name. A register detailing directors' and officers' interests in contracts is available for inspection at the Company's registered office.

Directors' share options

Options to subscribe for ordinary shares of five cents each in the Company's authorised share capital granted to executive directors in terms of the Anglovaal Share Incentive Scheme (now referred to as The ARM Share Incentive Scheme, or Scheme) during the year to 30 June 2004 are shown in the table reflected below:

Executive directors		ARM		ARM		ARM		Avgold	
		RP Menell		DN Campbell		JC Steenkamp		DN Campbell	
Held at			**1 July 2003**		**1 July 2003**		**1 July 2003**		**1 July 2003**
	DDMMYYYY	Number of options	Strike price	Number of options	Strike price	Number of options	Strike price	Number of options	Strike price
Number		569 316		196 266		315 615		557 643	
Average strike price per option			R26,28		R35,51		R34,13		R2,90
	Granted								
Details of individual allocations:									
	1/12/1997					2 222	R7,10		
	16/3/1998					2 648	R0,05		
	7/8/1998	118 814	R0,05						
	20/10/1998					2 052	R0,05		
	3/12/1998							316 667	R2,94
	25/8/1999	40 767	R16,25			7 797	R16,25		
	26/8/1999							166 190	R3,05
	26/8/1999							74 786	R2,43
	15/11/1999					21 410	R16,00		
	3/2/2000	4 617	R24,30						
	20/4/2000					8 000	R17,00		
	12/6/2001	72 333	R35,55	87 719	R35,55	67 040	R35,55		
	18/9/2001	148 600	R33,50	23 007	R33,50	50 101	R33,50		
	2/7/2002					77 732	R37,75		
	20/9/2002	184 185	R36,00	85 540	R36,00	76 613	R36,00		
Granted during the year									
Number	5/8/2003					93 562			
Strike price per option							R39,50		Nil
Number	19/8/2003	37 010		88 904				Nil	
Strike price per option			R38,00		R38,00				
Exercised during the year									
Number		Nil		Nil		Nil		557 643	
Average strike price per option			Nil		Nil		Nil		R10,35
Details of options exercised:									
								316 667	R2,94
								166 190	R3,05
								74 786	R2,43
Held at			**30 June 2004**		**30 April 2004**		**30 April 2004**		**30 April 2004**
Number		606 326		285 170		409 177		Nil	
Average strike price per option			R26,99		R36,28		R34,39		Nil
Latest expiry date			19 August 2011		30 April 2006		5 August 2011		
Details of individual allocations:									
	1/12/1997					2 222	R7,10		
	16/3/1998					2 648	R0,05		
	7/8/1998	118 814	R0,05						
	20/10/1998					2 052	R0,05		
	25/8/1999	40 767	R16,25			7 797	R16,25		
	15/11/1999					21 410	R16,00		
	3/2/2000	4 617	R24,30						
	20/4/2000					8 000	R17,00		
	12/6/2001	72 333	R35,55	87 719	R35,55	67 040	R35,55		
	18/9/2001	148 600	R33,50	23 007	R33,50	50 101	R33,50		
	2/7/2002					77 732	R37,75		
	20/9/2002	184 185	R36,00	85 540	R36,00	76 613	R36,00		
	5/8/2003					93 562	R39,50		
	19/8/2003	37 010	R38,00	88 904	R38,00				

Messrs DN Campbell and JC Steenkamp resigned as ARM directors on 30 April 2004.
No Scheme options have been granted to directors subsequent to 30 June 2004.

Share incentive schemes

The Company has an employee share incentive scheme, namely The ARM Share Incentive Scheme (Scheme), previously known as The Anglovaal Mining Share Incentive Scheme. Total options outstanding under the Scheme shall not exceed 10 percent of the total issued share capital of the Company from time to time.

Subsequent to the approval of the Avmin Transaction mentioned in the first paragraph of this report all Scheme unvested options became vested on the change of control of the Company. The other share incentive scheme within the Group namely, The Avgold Share Incentive Scheme, ceased to exist following the termination of Avgold's listing on the JSE Securities Exchange, South Africa (JSE) on 24 May 2004.

This occurred subsequent to the approval of the scheme of arrangement with Harmony by the Avgold shareholders.

The following are summaries of particulars required in terms of the Schemes and JSE's Listing Requirements:

Share incentive schemes

	ARM ordinary shares in issue	ARM Share Incentive Scheme	Strike price per share	Avgold Limited ordinary shares in issue	The Avgold share incentive scheme number	Strike price per share
	Number	Number of options		Number	Number of options	
At 30 June 2003	112 601 980	5 340 223[1]		676 453 556	7 016 158[1]	
Shares allotted: Transaction	89 750 417	–				
Movements during the year:						
Options						
– granted	–	847 281[1]	Varying between R0,05 and R69,25	–	989 845[1]	Varying between R2,53 and R10,52
– exercised	1 855 671	(1 855 671)		6 280 831	(6 280 831)	
– forfeited	–	(66 859)		–	(1 725 172)	
At 30 June 2004	204 208 068	4 264 974[1]		682 734 387	–	
Movements subsequent to year-end:						
– exercised	183 186	(183 186)				
At 2 December 2004	204 391 254	4 081 788				

Avgold was delisted on the JSE on 24 May 2004.

[1] Inclusive of options granted to executive directors prior to 30 April 2004.

Share incentive schemes continued

ARM Share Incentive Scheme	2 December 2004	30 June 2004	30 June 2003
Options granted to participants during the period	–	**847 281***	2 250 125*
Number of **shares available** for purposes of the Scheme	16 357 337	**16 155 832**	5 919 975
Options outstanding at 30 June 2004 were as follows:			
Expiry date	**No. of options**	**Average price**	
30 June 2005	1 635	**69,25**	
30 June 2006	31 146	**3,29**	
30 June 2007	136 337	**0,05**	
30 June 2008	141 982	**17,13**	
30 June 2009	918 018	**34,94**	
30 June 2010	614 262	**33,50**	
30 June 2011	1 596 131	**36.41**	
30 June 2012	825 463	**38,23**	
Vested options at 30 April 2004 4 264 974*			

* Inclusive of options granted to executive directors prior to 30 April 2004.

Special resolutions

Special resolutions passed by the Company and its subsidiaries during the period 1 July 2003 to the date of this report were:

At a general meeting of shareholders held on 15 April 2004 the Company's name was changed from Anglovaal Mining Limited to African Rainbow Minerals Limited and its authorised share capital was increased from R15 million to R25 million of five cents ordinary shares or 300 million to 500 million ordinary shares of a nominal value of five cents each ranking pari passu with existing ordinary shares.

No special resolutions were passed by subsidiaries during the year under review.

Secretary

The Group company secretary is Mr RH Phillips. His business and postal addresses appear on the inside back cover.

STRATE (Share Transactions Totally Electronic)

The Company's shares were dematerialised on 5 November 2001. Should you wish to trade your certificated Avmin, now ARM, shares on the JSE you are urged to deposit them with a CSDP (Central Securities Depository Participant) or qualifying stockbroker as soon as possible. Trading in the Company's shares on the JSE is only possible if they exist in electronic format in the STRATE environment. Should you have any queries please contact the Company's transfer secretaries, Computershare Investor Services 2004 (Proprietary) Limited whose details are set out on page 120.

Convenience translation into United States Dollars

To assist international investors a translation of convenience into United States Dollars is provided for the Group balance sheets, income statements, statement of changes in equity and cash flow statements. These translations are based on average rates of exchange for income statement and cash flow statement items and at those ruling at year-end for the balance sheet items. These documents are reflected on pages 115 to 119.

ACCOUNTING POLICIES

The consolidated annual financial statements are prepared in accordance with and comply with South African Statements of Generally Accepted Accounting Practice and International Financial Reporting Standards. The consolidated financial statements have been prepared on an historical cost basis, except for the measurement at fair value of certain investments and certain fixed assets and loans receivable and payable.

The principal accounting policies as set out below have been consistently applied.

BASIS OF CONSOLIDATION AND GOODWILL

Joint ventures

Joint ventures are contractual agreements whereby the Group 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 proportionately consolidated on a line-by-line basis in the Group financial statements.

Subsidiary companies

Investments in subsidiaries are accounted for at cost less impairment.

The results of subsidiaries are consolidated from the date of effective control up to the date effective control ceases.

Investment in associate

Investments in associate are accounted for at cost less impairment. The Group's investment in its associate is accounted for using the equity method of accounting. This is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture of the Group. The investment in the associate is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate, less any impairment in value. The income statement reflects the Group's share of the results of operations of the associate.

Goodwill

Goodwill represents the excess of the cost of the acquisition over the fair value attributable to the net assets acquired. Goodwill is included in the total amount of intangible assets and is carried at cost less accumulated depreciation and any impairment in value. Goodwill is amortised on the straight-line basis over estimated useful life to a maximum of 20 years.

Any excess of the value attributable to the net assets acquired over the cost of the investment acquired is treated as negative goodwill. Where negative goodwill is considered to represent future losses and expenses it is amortised to the income statement as the losses and expenses are incurred. To the extent that negative goodwill does not relate to future expected losses and expenses, the amount of negative goodwill, not exceeding the fair values of acquired identifiable non-monetary assets, is recognised systematically over the estimated useful life of the depreciable non-monetary assets and any excess over fair value is recognised in income immediately.

Inter-Company transactions and balances

Consolidation principles relating to the elimination of inter-Company transactions and balances and adjustments for unrealised inter-Company profits are applied in all intra-Group dealings, whether it be transactions with subsidiaries, associated companies or joint ventures.

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.

Capitalisation of borrowing costs as part of the cost of a qualifying asset commence when:

- expenditures for the asset are being incurred;
- borrowing costs are being incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are in process.

Capitalisation is suspended when the active development is interrupted and ceases when the activities necessary to prepare the asset for its use are complete.

DEFERRED TAXATION

Deferred tax liabilities and assets are recognised in respect of temporary differences between the book value and tax base of balance sheet items, including items with a tax base but no book value. The resulting net deferred tax assets or net deferred tax liabilities are recognised on the balance sheet.

Deferred tax is not recognised when the transaction involves the initial recognition of an asset or liability that 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. In the case of mining taxes for gold mines, deferred tax is calculated at the mining cost formula rate that is expected to apply to the period when the asset is realised or the liability is settled.

SECONDARY TAXATION ON COMPANIES

Secondary tax on companies (STC) is recognised on the declaration date of all dividends and is included in the taxation expense in the income statement.

ENVIRONMENTAL REHABILITATION OBLIGATION

The estimated cost of final rehabilitation, comprising liabilities for decommissioning and restoration, is based on current legal requirements and existing technology and is reassessed annually. Cost estimates are not reduced by the potential proceeds from the sale of assets.

Decommissioning

The discounted present value of estimated future decommissioning obligations at the end of the operating life of an operation is included in long-term provisions. The unwinding of the obligation is included in the income statement under cost of sales. The related decommissioning asset is recognised in fixed assets.

Restoration

The present value of the estimated cost of restoration is included in long-term provisions. This estimate is revised annually and any movement is charged against income.

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

Environmental rehabilitation trust funds

Annual payments are made to rehabilitation trust funds in accordance with statutory requirements. The trust funds are carried at fair value and recognised separately from the related liability on the balance sheet.

EXPLORATION EXPENDITURE

Exploration expenditure comprises expenditure incurred and advances made in respect of exploratory ventures for mining activities.

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 treated as mine development cost.

IMPAIRMENT

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 amount of the asset is 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.

FINANCIAL INSTRUMENTS

Financial instruments recognised on the balance sheet include cash and cash equivalents, investments, trade and other receivables, trade and other payables, non-hedge derivatives and long- and short-term borrowings. Initial recognition is at cost when the Group becomes party to their contractual arrangements. 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. At each balance sheet date an assessment is made whether any financial assets are impaired. In the case of any impairment the asset is written down to the income statement.

Derecognition of a financial asset occurs when the Group loses control of the contractual rights that comprise the financial asset. Derecognition of a financial liability occurs when it is extinguished, that is, when the obligation specified in the contract is discharged, cancelled or expires.

Derivative instruments

Gains and losses on derivative instruments that effectively establish the prices for future production are accounted for as "normal purchase/normal sales transactions" and recognised in revenue when the related production is delivered. In the event of early settlement of contracts, gains and losses are brought into revenue at the date of settlement. Any potential loss on positions below the current cost of production is recognised in the period in which it arises.

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 unless the contract qualifies for special hedge accounting. 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.

Where the Group enters into cash flow hedges that qualify for special hedge accounting the effective portion of fair value gains and losses is recognised in equity. The ineffective portion is expensed in the income statement. When the underlying transaction occurs the gains and losses are recognised in earnings.

Investments

Investments other than investments in subsidiaries, associates and joint ventures, are considered to be available for sale financial assets and are subsequently carried at fair value. Increases and decreases in fair values of available for sale investments are reflected in the revaluation reserve. On disposal of an investment, the balance in the revaluation reserve is recognised in the income statement. Where regulated markets exist, fair values are determined with reference to the stock exchange quoted selling prices at the close of business on the balance sheet date. Where a reliable fair value cannot be determined, investments are carried at cost. All regular way purchases and sales of financial assets are recognised on the trade date, ie the date the Group commits to purchase the asset.

Receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

Interest bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issued cost, and any discount or premium on settlement.

Gains and losses are recognised in net profit or loss when the liabilities are derecognised or impaired, as well as through the amortisation process.

Set-off

If a legally enforceable right exists to set-off recognised amounts of financial assets and liabilities and the Group intends to settle on a net basis or to realise the asset and settle the liability simultaneously, all related financial effects are netted.

FIXED ASSETS

Intangible assets

Intangible assets are reflected at cost and are amortised on a straight-line basis over the anticipated useful lives of the assets 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:

- The technical feasibility of completing the asset demonstrates that it will be available for use or sale;
- There is an intention to complete the asset, and use or sell it;
- 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.

Tangible assets

Tangible assets, other than land and buildings, are stated at cost less accumulated depreciation and any impairment in value.

Land and buildings

Land and buildings, other than mine properties, are valued at market value. Buildings are depreciated on a straight-line basis over their estimated useful lives to an estimated residual value, if such value is significant. The annual depreciation rates used vary between two and five percent.

External valuers value land and buildings at periodic intervals of not more than five years. Surpluses on revaluation are recognised in equity in a revaluation reserve. Any subsequent impairment is adjusted against the revaluation surplus to the extent of the available surplus and thereafter charged against operating profit. New acquisitions and additions to existing land and buildings are reflected at cost until the next periodic revaluation.

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. Development costs to maintain production are expensed as incurred.

Mine development and decommissioning assets are amortised using the units-of-production method based on estimated 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. The maximum period of amortisation using this method is 25 years. Where the reserves are not determinable due to their scattered nature, the straight-line method of depreciation is applied based on the estimated life of the mine to a maximum of 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, to a maximum of 25 years.

Plant and machinery

Mining plant and machinery is amortised using the lesser of its estimated useful life or the units-of-production method based on estimated proved and probable ore reserves. Where ore reserves are not determinable, because of their scattered nature, the straight-line method of depreciation is applied. Non-mining plant and machinery is depreciated over its useful life. The maximum life of any single item is 25 years.

Other

Mine properties (including houses, schools and administration blocks), motor vehicles and furniture and equipment are depreciated 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 depreciation rates generally used in the Group are:

- Furniture and equipment 10 to 33 percent;
- Mine properties 4 to 7 percent;
- Motor vehicles 20 percent; and
- Mine development plant and machinery, and mineral rights 4 to 25 percent.

FOREIGN CURRENCY TRANSLATIONS

Foreign entities

Financial statements of foreign subsidiaries that are classified as foreign entities are translated into South African Rand using the exchange rates applicable at the reporting date, as follows:

- Assets and liabilities at rates of exchange ruling at the balance sheet date;
- Income and expenditure at the weighted average rate of exchange for the year, except where the date of income or expense for significant transactions can be identified, in which case the income or expense are translated at the rate of exchange ruling at the date of the flow;
- Cash flow items at the weighted average rate of exchange for the year, except where the date of cash flow for significant transactions can be identified, in which case the cash flows are translated at the rate of exchange ruling at the date of the cash flow;
- Fair value adjustments of the foreign entity are translated at the closing rate;
- Goodwill is considered to relate to the reporting entity and is translated at the rate at the date of acquisition; and
- Differences arising on translation are classified as equity until the investment is disposed of.

Foreign currency transactions and balances

Transactions in foreign currencies are converted to South African Rand at the rate of exchange ruling at the date that the transaction is recorded.

Foreign denominated monetary assets and liabilities (including those linked to a forward exchange contract) are stated in South African Rand using the exchange rate ruling at the balance sheet date, with the resulting exchange differences being recognised in the income statement.

INVENTORIES

Inventories are valued at the lower of cost and estimated net realisable value with due allowances being made for obsolete and slow-moving items. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined using the following basis:

- Consumables and maintenance spares are valued at average cost;
- Finished products are valued at weighted average cost including an appropriate portion of direct overhead costs;
- Work-in-process is valued at weighted average cost including an appropriate portion of direct overhead costs;
- Raw materials are valued at weighted average cost; and
- By-products are valued at the estimated variable cost associated with their production.

ACCOUNTING POLICIES continued

LEASES

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

EMPLOYEE BENEFITS

The Group operates two defined contribution benefit pension schemes, both of which require contributions to be made to separately administered funds. The Group has also agreed to provide certain additional post-employment healthcare benefits to senior employees. These benefits are unfunded. The cost of providing benefits under the plans is determined separately for each plan using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognised as income or expense when incurred.

SHARE OPTIONS

Share options are accounted for at the strike price when the option is exercised and the shares in terms of this option are issued.

PROVISIONS

Provisions are recognised when the following conditions have been met:

- A present legal or constructive obligation, to transfer economic benefits as a result of past events exists; and
- A reasonable estimate of the obligation can be made.

A present obligation is considered to exist when there is 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 is raised is charged against the provision. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

ESTIMATES

The preparation of the financial statements requires management to make certain estimates. The principles used is the same as in previous years. When estimates are compared to actual and variances occur the estimates are adjusted accordingly.

REVENUE RECOGNITION

Revenue which includes by-products, is recognised when the risks and rewards of ownership have been transferred and when it is probable that the economic benefits associated with a transaction flow to the Group and the amount of revenue can be measured reliably.

Dividends

Dividends are accounted for on the last day of registration for listed investments and when declared in respect of unlisted investments.

Mining products

Revenue from the sale of mining and related products 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.

Toll treatment

Revenue from toll treatment contracts is recognised following the treatment of mining concentrates belonging to third parties. The revenue is based on the final metal recoveries from concentrates at the agreed contract rates.

DEFINITIONS

Cash and cash equivalents

Cash and cash equivalents include cash on hand and call deposits as well as short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Overdrafts are excluded from cash and cash equivalents.

Basic earnings per share

Earnings divided by the weighted average number of shares in issue.

Headline earnings per share

Headline earnings comprise earnings for the year, adjusted for profits, losses and capital items in accordance with the requirements of Circular 7 of 2002 issued by the South African Institute of Chartered Accountants. Adjustments against earnings take account of attributable taxation and minority interests. The adjusted earnings figure is divided by the weighted average number of shares in issue to arrive at headline earnings per share.

Fully diluted earnings per share

Fully diluted earnings comprise earnings as used in calculating basic earnings per share. The earnings figure is divided by the weighted average number of ordinary shares, adjusted for any financial instruments or other contracts that may entitle the holder thereof to ordinary shares, to arrive at fully diluted earnings per share. Fully diluted headline earnings per share is calculated on the same basis as fully diluted earnings per share.

Cash generated from operations per share

Cash generated from operations divided by the weighted average number of shares in issue during the year.

COMPARATIVE FIGURES

In April 2003 Avmin sold down a portion of its investment in Avgold from 55.9 percent to 42.2 percent. Avgold's results continued to be consolidated after that date as eight of the ten directors on the Avgold board were appointed by Avmin and this situation remained after the dilution in interest. International Accounting Standard IAS 27 paragraph 13(d) which refers inter-alia to the "power to cast the majority of votes at meetings of the board of directors" was interpreted by the board to mean that the group still controlled Avgold.

During the current year there was globally new thinking and interpretation on the issue of "effective control", and it was concluded that the power to appoint the majority of directors must be by legal or contractual right and that effective control is not the type of control that the statement intended. Therefore although Avmin did actually have control of the Avgold board this does not constitute control as intended by IAS 27. This has the result that Avgold is considered to be an associated company that is equity accounted and not a subsidiary to be consolidated.

This revised accounting treatment has been applied in the 2004 annual financial statements and as a result the 30 June 2003 comparative financial statements and notes thereto for the ARM group have been restated to equity account the results of Avgold as an associate from 1 May 2003.

Previously reported headline and basic earnings and attributable net asset value for June 2003 are unchanged.

BALANCE SHEETS

AS AT 30 JUNE 2004

	Note	2004 Group Rm	2003 Group Rm	2004 Company Rm	2003 Company Rm
ASSETS					
Non-current assets					
Tangible assets	2	**4 674**	2 278	**424**	132
Intangible assets	2	**5**	6	**–**	–
Deferred tax assets	13	**7**	12	**–**	–
Environmental rehabilitation trust funds	3	**29**	22	**10**	9
Investments in associates	4	**4 338**	925	**4 905**	914
Other investments	5	**3**	212	**1 734**	976
		9 056	3 455	**7 073**	2 031
Current assets					
Inventories	7	**914**	849	**25**	19
Trade and other receivables	8	**1 162**	900	**89**	169
Cash and cash equivalents	9	**328**	264	**192**	217
		2 404	2 013	**306**	405
Total assets		**11 460**	5 468	**7 379**	2 436
EQUITY AND LIABILITIES					
Capital and reserves					
Ordinary share capital	10	**10**	6	**10**	6
Share premium	10	**3 495**	79	**3 495**	79
Other reserves		**(193)**	218	**41**	219
Retained earnings		**3 316**	2 208	**2 791**	1 407
Shareholders' interest in capital and reserves		**6 628**	2 511	**6 337**	1 711
Minority interest	11	**1 326**	1 141	**–**	–
Total shareholders' interest		**7 954**	3 652	**6 337**	1 711
Non-current liabilities					
Long-term borrowings	12	**857**	–	**476**	–
Deferred tax liabilities	13	**853**	519	**252**	64
Long-term provisions	14	**151**	111	**80**	75
		1 861	630	**808**	139
Current liabilities					
Trade and other payables	15	**567**	439	**59**	104
Provisions	16	**41**	32	**20**	21
Taxation	27	**63**	28	**48**	6
Overdrafts and short-term borrowings	17	**974**	687	**107**	455
		1 645	1 186	**234**	586
Total equity and liabilities		**11 460**	5 468	**7 379**	2 436

INCOME STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

	Note	2004 Group Rm	2003 Group Rm	2004 Company Rm	2003 Company Rm
Revenue	18	**3 885**	4 728	**524**	377
Cost of sales		**(3 064)**	(3 733)	**(252)**	(197)
Gross profit		**821**	995	**272**	180
Other operating income		**73**	358	**152**	421
Other operating expenses		**(343)**	(698)	**(267)**	(478)
Retrenchment costs		**(23)**	(35)	**(23)**	(35)
Profit from operations	19	**528**	620	**134**	88
Income from investments	20	**26**	80	**30**	130
Finance costs	21	**(80)**	(169)	**(14)**	(19)
Loss from associate		**(120)**	(42)	**–**	–
Profit before taxation and exceptional items		**354**	489	**150**	199
Exceptional items	22	**1 148**	(395)	**1 406**	(906)
– Profit/(loss) on disposal of discontinued operations		**1 057**	(649)	**1 282**	–
– Other exceptional items		**91**	254	**124**	(906)
Profit/(loss) before taxation		**1 502**	94	**1 556**	(707)
Taxation	23	**(291)**	(147)	**(172)**	22
Profit/(loss) after taxation		**1 211**	(53)	**1 384**	(685)
Minority interest		**(103)**	(138)	**–**	–
Basic earnings/(loss)		**1 108**	(191)	**1 384**	(685)
Additional information					
Headline earnings	25	**47**	197		
Headline earnings per share (cents)	24	**37**	176		
Basic earnings/(attributable loss) per share (cents)	24	**865**	(170)		
Fully diluted earnings/(attributable loss) per share (cents)	24	**860**	(169)		
Fully diluted headline earnings per share (cents)	24	**36**	174		
Number of shares in issue at end of year (thousands)		**204 208**	112 602		
Weighted average number of shares in issue (thousands)		**128 115**	112 046		
Weighted average number of shares used in calculating fully diluted earnings per share (thousands)	24	**128 876**	112 967		
Net asset value per share (cents)	24	**3 246**	2 230		

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2004

Group	Note	Share capital and premium Rm	Foreign currency translation Rm	Revaluation of buildings Rm	Other* Rm	Retained earnings Rm	Total Rm
Balance at 30 June 2002		68	(42)	6	146	2 401	**2 579**
Loss		–	–	–	–	(191)	**(191)**
Revaluation of listed investments		–	–	–	39	–	**39**
Translation of foreign subsidiary		–	24	–	–	–	**24**
Reversal of derivative instruments		–	–	–	26	–	**26**
Realisation of reserve on disposal of Chambishi		–	18	–	–	–	**18**
Share options exercised	10	17	–	–	–	–	**17**
Transfer to insurance contingency reserve		–	–	–	2	(2)	**–**
Other		–	–	–	(1)	–	**(1)**
Balance at 30 June 2003		85	–	6	212	2 208	**2 511**
Basic earnings		–	–	–	–	1 108	**1 108**
Investment sold		–	–	–	(133)	–	**(133)**
Revaluation of listed investment		–	–	–	(45)	–	**(45)**
Share options exercised	10	54	–	–	–	–	**54**
Shares issued for acquisitions	10	3 366	–	–	–	–	**3 366**
Share of associate other reserves	4	–	–	–	(235)	–	**(235)**
Other		–	–	–	2	–	**2**
Balance at 30 June 2004		3 505	–	6	(199)	3 316	**6 628**

Company	Note	Share capital and premium Rm	Foreign currency translation Rm	Revaluation of buildings Rm	Other* Rm	Retained earnings Rm	Total Rm
Balance at 30 June 2002		68	(270)	6	173	2 092	**2 069**
Foreign currency translation reserve		–	270	–	–	–	**270**
Loss		–	–	–	–	(685)	**(685)**
Revaluation of listed investments		–	–	–	40	–	**40**
Share options exercised	10	17	–	–	–	–	**17**
Balance at 30 June 2003		85	–	6	213	1 407	**1 711**
Basic earnings		–	–	–	–	1 384	**1 384**
Investment sold		–	–	–	(133)	–	**(133)**
Revaluation of listed investment		–	–	–	(45)	–	**(45)**
Shares issued for acquisitions	10	3 366	–	–	–	–	**3 366**
Share options exercised	10	54	–	–	–	–	**54**
Balance at 30 June 2004		3 505	–	6	35	2 791	**6 337**

Group

* Other reserves consist of revaluation of listed investments R Nil (2003: R178 million; 2002: R144 million), insurance contingency R4 million (2003: R4 million; 2002: R2 million), a general reserve of R32 million (2003: R30 million; 2002: R26 million), movement in share of associate reserves -R235 million (2003: R Nil; 2002: R Nil) and derivative instruments R Nil (2003: R Nil; 2002: -R26 million).

Company

* Other reserves consist of revaluation of listed investments R Nil (2003: R178 million; 2002: R144 million) and a general reserve of R35 million (2003: R35 million; 2002: R29 million).

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

	Note	2004 Group Rm	2003 Group Rm	2004 Company Rm	2003 Company Rm
CASH FLOW FROM OPERATING ACTIVITIES					
Cash receipts from customers		**3 838**	4 777	**787**	543
Cash paid to suppliers and employees		**(3 235)**	(3 967)	**(558)**	(393)
Cash generated from operations	26	**603**	810	**229**	150
Interest received		**24**	76	**16**	61
Interest paid		**(70)**	(169)	**(3)**	(19)
Dividends received		**1**	3	**14**	23
Dividends paid to minorities		**(13)**	(21)	**–**	–
Taxation paid	27	**(70)**	(101)	**(21)**	(18)
Net cash inflow from operating activities		**475**	598	**235**	197
CASH FLOW FROM INVESTING ACTIVITIES					
Additions to fixed assets to maintain operations		**(472)**	(414)	**(8)**	(30)
Additions to fixed assets to expand operations		**(101)**	(110)	**(14)**	(1)
Net cash effects of acquisitions	30	**(32)**	–	**(50)**	–
Proceeds on disposal of fixed assets		**7**	8	**–**	–
Proceeds on disposal of investments		**167**	–	**167**	–
Increase in investment loans and receivables		**–**	–	**(224)**	(853)
Purchase of remaining portion in Nkomati mine	30	**(260)**	–	**(260)**	–
Net cash effect on sale of Chambishi	28	**–**	(67)	**–**	–
Net cash effect of dilution of Avgold	28	**–**	426	**–**	564
Other investments acquired		**–**	–	**–**	(5)
Net cash outflow from investing activities		**(691)**	(157)	**(389)**	(325)
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds on exercise of share options		**54**	17	**54**	17
Funding received from minority shareholders		**42**	11	**–**	–
Long-term borrowings raised		**280**	–	**280**	–
Long-term borrowings repaid		**(127)**	(745)	**(42)**	–
Decrease in short-term borrowings		**31**	(239)	**(163)**	(217)
Net cash inflow/(outflow) from financing activities		**280**	(956)	**129**	(200)
Net increase/(decrease) in cash and cash equivalents		**64**	(515)	**(25)**	(328)
Cash and cash equivalents at beginning of year		**264**	779	**217**	545
Cash and cash equivalents at end of year		**328**	264	**192**	217
Cash generated from operations per share (cents)	24	**471**	723	**179**	134

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

1 BASIS OF PREPARATION

The consolidated financial statements are prepared in accordance with and comply with South African Statements of Generally Accepted Accounting Practice and International Financial Reporting Standards.

The consolidated financial statements have been prepared on an historical cost basis, except for the measurement at fair value of certain investments and certain fixed assets and loans receivable and payable.

2 TANGIBLE AND INTANGIBLE ASSETS

	Mine development and decommissioning assets	Plant and machinery	Land and buildings	Mineral rights	Other	Total tangible assets	Intangible assets
GROUP – Rm							
Cost							
Balance at 30 June 2002	**2 854**	**4 519**	**231**	**328**	**475**	**8 407**	**(21)**
Additions	237	160	12	–	115	**524**	**–**
Reclassifications	37	(41)	–	(1)	5	**–**	**–**
Disposals	(1)	(2)	–	–	(3)	**(6)**	**–**
Disposal of Chambishi	(22)	(1 931)	(18)	–	(32)	**(2 003)**	**–**
Dilution of Avgold to associate	(2 145)	(734)	–	(142)	(82)	**(3 103)**	**32**
Translation	(8)	(712)	(7)	–	(8)	**(735)**	**–**
Balance at 30 June 2003	**952**	**1 259**	**218**	**185**	**470**	**3 084**	**11**
Additions	356	128	10	75	115	**684**	**–**
Disposals	–	(1)	–	–	(45)	**(46)**	**–**
Subsidiaries acquired	368	232	27	962	78	**1 667**	**–**
Purchase of remaining 25% in Nkomati mine	25	5	–	274	5	**309**	**–**
Balance at 30 June 2004	**1 701**	**1 623**	**255**	**1 496**	**623**	**5 698**	**11**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

2 TANGIBLE AND INTANGIBLE ASSETS continued

	Mine development and decommissioning assets	Plant and machinery	Land and buildings	Mineral rights	Other	Total tangible assets	Intangible assets
GROUP – Rm							
Accumulated amortisation and depreciation							
Balance at 30 June 2002	**242**	**2 231**	**37**	**7**	**204**	**2 721**	**(28)**
Reclassification	(2)	3	–	–	(1)	**–**	**–**
Charge for the year	130	154	7	2	57	**350**	**1**
Disposals	–	–	–	–	(1)	**(1)**	**–**
Disposal of Chambishi	(6)	(1 407)	(5)	–	(13)	**(1 431)**	**–**
Dilution of Avgold to associate	(205)	(88)	–	–	(20)	**(313)**	**32**
Translation	(2)	(504)	(10)	–	(4)	**(520)**	**–**
Balance at 30 June 2003	**157**	**389**	**29**	**9**	**222**	**806**	**5**
Charge for the year	42	85	8	19	63	**217**	**1**
Impairments	–	–	10	35	–	**45**	**–**
Disposals	–	(1)	–	–	(43)	**(44)**	**–**
Balance at 30 June 2004	**199**	**473**	**47**	**63**	**242**	**1 024**	**6**
Carrying value at 30 June 2003	**795**	**870**	**189**	**176**	**248**	**2 278**	**6**
Carrying value at 30 June 2004	**1 502**	**1 150**	**208**	**1 433**	**381**	**4 674**	**5**

Borrowing costs

Borrowing costs amounting to R18 million were capitalised in respect of mine development and decommissioning assets and plant and machinery for the year to 30 June 2004 (2003: R6 million), at prime overdraft rates applicable during the year.

Capital work-in-progress

Included in mine development and decommissioning assets and plant and machinery above is R711 million (2003: R Nil) of assets relating to projects in progress from which no revenue is currently derived. These assets came into use on 1 July 2004.

Other assets

Included in other assets are vehicles and equipment held under finance lease of R21 million (2003: Nil), mine properties of R102 million (2003: R91 million), furniture, equipment and vehicles of R222 million (2003: R213 million).

Land and buildings

The cost of land and buildings includes a revaluation surplus of R9 million (2003: R9 million).

Intangible assets

Intangible assets consist of patents and trademarks. In the prior years intangible assets also included negative goodwill.

Encumbered assets

Movable and immovable assets pertaining to the Modikwa mine with a current carrying value of R1,6 billion have been encumbered as security for the Modikwa loans (refer to note 12).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

2 TANGIBLE AND INTANGIBLE ASSETS continued

	Mine development and decommissioning assets	Plant and machinery	Land and buildings	Mineral rights	Other	Total tangible assets
COMPANY – Rm						
Cost						
Balance at 30 June 2002	**116**	**52**	**17**	**–**	**34**	**219**
Additions	22	2	–	–	7	**31**
Balance at 30 June 2003	**138**	**54**	**17**	**–**	**41**	**250**
Additions	5	15	1	–	2	**23**
Purchase of remaining 25% of Nkomati Mine	25	5	–	274	5	**309**
Disposals	–	–	–	–	(1)	**(1)**
Balance at 30 June 2004	**168**	**74**	**18**	**274**	**47**	**581**
Accumulated amortisation and depreciation						
Balance at 30 June 2002	**47**	**21**	**–**	**–**	**31**	**99**
Charge for the year	9	5	1	–	4	**19**
Balance at 30 June 2003	**56**	**26**	**1**	**–**	**35**	**118**
Charge for the year	16	5	1	15	5	**42**
Disposals	–	–	–	–	(1)	**(1)**
Other	–	–	–	–	(2)	**(2)**
Balance at 30 June 2004	**72**	**31**	**2**	**15**	**37**	**157**
Carrying value at 30 June 2003	**82**	**28**	**16**	**–**	**6**	**132**
Carrying value at 30 June 2004	**96**	**43**	**16**	**259**	**10**	**424**

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

	2004 Group Rm	2003 Group Rm	2004 Company Rm	2003 Company Rm
3 ENVIRONMENTAL REHABILITATION TRUST FUNDS				
The funds in the trusts are as follows:				
Balance at beginning of year	**22**	64	**9**	8
Dilution of Avgold to associate	**–**	(42)	**–**	–
Contributions	**5**	5	**1**	1
Less: Work completed	**(1)**	(12)	**(1)**	–
Acquisition of additional 25% of Nkomati Mine	**1**	–	**1**	–
Interest earned	**2**	7	**–**	–
Total	**29**	22	**10**	9
Total environmental rehabilitation obligations (refer note 14)	**65**	27	**10**	9
Less: Amounts in trust funds (refer above)	**(29)**	(22)	**(10)**	(9)
Net liability	**36**	5	**–**	–
4 INVESTMENTS IN ASSOCIATES				
During April 2003 the investment in Avgold was sold down to 42,32 percent resulting in Avgold being an associate at 30 June 2003. On 30 April 2004 the investment in Avgold was sold to Harmony. As a result, a portion of the profit on the disposal of Avgold is treated as unrealised and reduces the carrying value of the Harmony investment. At balance sheet date the Group had a 19,84 percent interest in Harmony Gold Mining Company Limited, a gold mining company in South Africa that operates in South Africa, Australia and Papua New Guinea.				
Investment in associate (original cost)	**4 905**	914	**4 905**	914
Unrealised intergroup profit	**(265)**	–	**–**	–
Net cost	**4 640**	914	**4 905**	914
Profits from prior periods from associate	**–**	53	**–**	–
Loss for the period from associate	**(67)**	(42)	**–**	–
Movement in associate's reserves	**(235)**	–	**–**	–
Total	**4 338**	925	**4 905**	914
Group's interest in associate balance sheet				
Non-current assets	**5 406**	1 088		
Current assets	**556**	36		
Total assets	**5 962**	1 124		
Share capital and reserves	**4 123**	961		
Non-current liabilities	**1 364**	61		
Current liabilities	**475**	102		
Total equity and liabilities	**5 962**	1 124		
Market value of Group's interest	**4 152**	2 190		
Reconciliation of carrying amount of investments in associates with net assets				
Net assets	**4 123**	961		
Intergroup profit unrealised	**(265)**	(36)		
Fair value adjustment on acquisition	**927**	–		
Deferred tax	**(447)**	–		
Carrying value	**4 338**	925		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

	2004 Group Rm	2003 Group Rm	2004 Company Rm	2003 Company Rm
5 INVESTMENTS				
Listed – subsidiary companies				
Cost	–	–	261	261
Listed – other investments				
Original cost	3	34	2	34
Revaluation surplus	–	178	–	178
Closing carrying amount	3	212	2	212
Total – listed investments	3	212	263	473
Market value of listed investments	3	212	1 985	2 233
Unlisted – subsidiary companies				
Costs	–	–	470	207
Loans* (refer page 112)	–	–	1 001	296
	–	–	1 471	503
Unlisted – other	–	–	–	–
Total unlisted	–	–	1 471	503
Total carrying amount of investments	3	212	1 734	976
Directors' valuation of unlisted investments – subsidiaries and other	–	–	1 471	503

A report on investments appears on pages 113 and 114.

* These loans are interest free with no fixed terms of repayment.

6 JOINT VENTURES

The proportionate share of the following joint ventures have been incorporated into the Group results:

- a 75 percent share in the Nkomati mine for seven months ending 31 January 2004. With effect from 1 February 2004 100 percent of Nkomati mine is included in these results; and
- a 50 percent share in Cato Ridge Alloys (Proprietary) Limited.

The proportionate share of the following joint venture has been incorporated into the Company results:

- a 75 percent share in the Nkomati mine for seven months up to end of January 2004. With effect from 1 February 2004 100 percent of Nkomati mine is included in these results.

The aggregate amounts of joint ventures proportionately consolidated in the financial statements are:

	2004 Group Rm	2003 Group Rm	2004 Company Rm	2003 Company Rm
Income statements				
Revenue	410	525	260	377
Cost of sales	(232)	(318)	(118)	(199)
Other operating income	12	20	12	19
Other operating expenses	(28)	(49)	(19)	(46)
Income from investments	1	2	1	2
Finance costs	(3)	(7)	–	–
Profit before tax	160	173	136	153
Taxation	(48)	(50)	(41)	(44)
Profit for the year after taxation	112	123	95	109

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

	2004 Group Rm	2003 Group Rm	2004 Company Rm	2003 Company Rm
6 JOINT VENTURES continued				
Balance sheets				
Non-current assets	**27**	145	**–**	116
Current assets	**86**	185	**–**	111
Non-current liabilities (non-interest bearing)	**–**	28	**–**	28
Current liabilities	**48**	86	**–**	26
Cash flow statements				
Net cash inflow from operating activities	**26**	230	**9**	209
Net cash outflow from investing activities	**(3)**	(31)	**(5)**	(30)
Net cash outflow from financing activities	**(19)**	(21)	**–**	–
Commitments and contingent liabilities				
Commitments	**–**	3	**–**	2
Contingent liabilities	**–**	7	**–**	7
7 INVENTORIES				
Consumable stores	**65**	62	**2**	1
Raw material	**526**	425	**–**	–
Work-in-progress	**23**	18	**23**	18
Finished goods	**300**	344	**–**	–
	914	849	**25**	19
8 TRADE AND OTHER RECEIVABLES				
Trade	**993**	777	**79**	92
Other	**169**	123	**10**	77
	1 162	900	**89**	169
9 CASH AND CASH EQUIVALENTS				
Cash at bank and on deposit	**320**	264	**192**	217
Restricted cash*	**8**	–	**–**	–
	328	264	**192**	217

Cash at bank and on deposit earns interest at floating rates based on daily bank deposit rates.

* The cash and cash equivalents have been pledged as security for loans granted to the ARM Mining Consortium Limited.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

	2004 Group Rm	2003 Group Rm	2004 Company Rm	2003 Company Rm
10 SHARE CAPITAL AND PREMIUM				
Share capital				
Authorised				
During the year the authorised share capital was increased to R10 000 000 by creating 200 000 000 shares of 5 cents each.				
500 000 000 (2003: 300 000 000) ordinary shares of 5 cents each	**25**	15	**25**	15
	25	15	**25**	15
Issued				
Opening balance	**6**	6	**6**	6
Shares issued for cash (1 855 671 shares at 5 cents)	**–**	–	**–**	–
Shares issued in business combinations (89 750 417 at 5 cents)	**4**	–	**4**	–
204 208 068 (2003: 112 601 980) ordinary shares of 5 cents each	**10**	6	**10**	6
Share premium	**3 495**	79	**3 495**	79
– Balance at beginning of the year	**79**	62	**79**	62
– Premium on shares issued	**3 416**	17	**3 416**	17
Total issued share capital and premium	**3 505**	85	**3 505**	85
11 MINORITY INTEREST				
Balance at beginning of year	**1 141**	2 012		
Transfer from income statement	**103**	138		
Dividends paid to minorities	**(13)**	(21)		
Interest in subsidiaries acquired	**53**	–		
Dilution of interest in subsidiary (Avgold) to an associate	**–**	(1 019)		
Minority shareholder's loan: Two Rivers Platinum (Proprietary) Limited*	**42**	11		
Translation	**–**	20		
Balance at year end	**1 326**	1 141		

* The minority shareholder's contribution to this project has been classified as a minority shareholder's contribution including that portion presently classified as shareholder's loans. A final decision on the composition of these contributions between equity and loans has still to be made and will only be finalised when the project feasibility is finalised and the project is approved for release. Until that time the investment in the project is equity in nature.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

	2004 Group Rm	2003 Group Rm	2004 Company Rm	2003 Company Rm
12 LONG-TERM BORROWINGS				
SA Rand long-term borrowings				
Secured loans				
Loan facility 1 (Modikwa mine)	**495**	–	**–**	–
This loan bears interest at a fixed rate of 15,99 percent compounded on a monthly basis. Repayments are made in bi-annual instalments, commencing on 30 June 2003 and ending 30 June 2010.				
Loan facility 2 (Modikwa mine)	**137**	–	**–**	–
This loan bears interest at a fixed rate of 16,99 percent, plus a profit share of 0,3 percent of the net operating cash flow after capital expenditure. This interest is compounded on a monthly basis. Repayments are made in bi-annual instalments,commencing on 30 June 2003 and ending 30 June 2010.				
Loan facility 3 (Modikwa mine)	**53**	–	**–**	–
This loan bears interest at variable rates, plus a profit share of 0,75 percent of the net operating cash flow after capital expenditure. R15,3 million bears interest at a 16,74 percent nominal annual rate compounded on a monthly basis and the remaining R37,7 million bears interest at a 14,24 percent nominal annual rate compounded on a monthly basis. Interest payments are made in bi-annual instalments commencing on 30 June 2003 and ending on 30 June 2010. Capital repayments are envisaged to commence on 31 December 2004 in twelve equal bi-annual instalments.				
As security for the Modikwa loans bonds, pledges and charges over mineral rights, mining titles and movable and immovable assets have been registered in favour of the lenders. The 50 percent stake in the Modikwa Platinum mine Joint Venture is also included in the security given.				
ARM, for so long as the ARM Mining Consortium is indebted to the lenders (a) will not accept payment of their claims from the Consortium (except for claims arising under their consultancy agreement), (b) subordinates all its loans and claims against the Consortium and (c) will not dispose of, cede, or encumber its claims against the Consortium without the prior written consent of the lenders.				
Preference shares	**50**	–	**–**	–
On 10 July 2002, ARM Mining Consortium Limited ("Consortium") issued 50 000 000 cumulative, redeemable, convertible preference shares with a par value of R0,01 per share, at R1,00 per share. The preference shares are redeemable after a period of ten years from the date of issue. The preference shares can be redeemed at the option of the Consortium at any time after one year from the date of issue. The preference shares will become redeemable earlier than ten years if the Group is in breach of certain obligations in terms of its other borrowings. The preference shares are convertible into ordinary shares at any time after a period of three years from the date of issue, at the option of the preference shareholder. The existing shareholders of the Consortium have the option to take up the converted shares at an agreed price within 90 days from conversion. The first dividend is payable for the period from date of issue to 30 June 2004 and is subject to the contractual arrangements of the subordination agreement. Thereafter, the dividend is payable six-monthly in arrears.				

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

	2004 Group Rm	2003 Group Rm	2004 Company Rm	2003 Company Rm
12 LONG-TERM BORROWINGS continued				
Leases	**21**	–	**–**	
Finance leases over fixed assets with a book value of R21 million bear interest at 9,75 percent per annum and are repayable in five unequal payments commencing on 31 May 2005.				
Unsecured loans				
Loans from subsidiaries	**–**	–	**261**	–
These loans are interest free and have no fixed terms of repayment.				
Loan facility (Nkomati Mine)	**260**	–	**260**	–
This loan bears interest at 10,25 percent per annum linked to the Jibar rate. The loan is repayable in eight equal bi-annual payments commencing in August 2004.				
Loan facility (Avalloys)	**20**	–	**20**	–
This loan facility is for R120 million of which R20 million was utilised at 30 June 2004.				
The loan bears interest at 9,7 percent per annum linked to the Jibar rate. The facility reduces to nil in February 2007.				
Total borrowings	**1 036**	–	**541**	–
Less: Repayable within one year included in short-term borrowings	**179**	–	**65**	–
Total long-term borrowings	**857**	–	**476**	–
Held as follows:				
– African Rainbow Minerals Limited	**215**	–	**476**	–
– Assmang Limited	**14**	–	**–**	–
– African Rainbow Minerals Platinum (Proprietary) Limited (ARM Platinum (Proprietary) Limited)	**628**	–	**–**	–
	857	–	**476**	–

Interest payable and repayments

GROUP – Rm	Rate of interest %	Total borrowings 2004	Repayable during the year ending 30 June 2005	2006	2007	2008	2009 – onwards
Secured loans	11	**53**	–	53	–	–	–
	14	**38**	6	6	6	7	13
	16	**495**	78	77	77	77	186
	17	**149**	23	23	23	23	57
		735	107	159	106	107	256
Finance lease	9	**21**	7	4	4	5	1
Unsecured loans	11	**280**	65	65	65	85	–
Total borrowings		**1 036**	179	228	175	197	257

	2004 Group Rm	2003 Group Rm	2004 Company Rm	2003 Company Rm
13 DEFERRED TAXATION				
Deferred tax asset				
Valuation of inventories	–	3	–	–
Provisions raised	7	4	–	–
Assessed loss	–	5	–	–
Net deferred tax asset	7	12	–	–
Deferred tax liability				
Tangible assets	864	485	167	29
Provisions	(10)	(10)	(1)	(3)
Investments	107	–	107	–
Fair value adjustment – Modikwa assessed loss	(74)	–	–	–
Liabilities for healthcare benefits	(26)	(21)	(21)	(20)
Other	(8)	65	–	58
Deferred tax liability	853	519	252	64
Reconciliation of opening and closing balance				
Opening deferred tax liability	519	493	64	106
Opening deferred tax asset	(12)	(38)	–	–
Net deferred tax liability – opening balance	507	455	64	106
Temporary differences from:	339	52	188	(42)
– Tangible assets	379	59	138	(2)
– Assessed loss	(69)	9	–	–
– Provisions	(3)	(1)	2	(1)
– Investments	94	–	107	–
– Healthcare benefits	(5)	(1)	(1)	(1)
– Inventories	3	–	–	–
– Write-off of deferred tax asset	–	24	–	–
– Foreign exchange profit	–	(48)	–	(48)
– Other	(60)	10	(58)	10
– Deferred tax liability	853	519	252	64
– Deferred tax asset	(7)	(12)	–	–
Net deferred tax liability – closing balance	846	507	252	64

Deferred tax balances are shown net of deferred tax assets and deferred tax liabilities where a legal right of offset exists at settlement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

	2004 Group Rm	2003 Group Rm	2004 Company Rm	2003 Company Rm
14 LONG-TERM PROVISIONS				
Environmental rehabilitation obligation				
Provision for decommissioning				
Balance at beginning of year	13	72	2	2
Dilution of Avgold to associate	–	(25)	–	–
Sale of Chambishi*	–	(22)	–	–
Payments made	–	(7)	–	–
Acquisition of ARM Platinum (Proprietary) Limited	6	–	–	–
Provision for the year	7	3	–	–
Acquisition of 25% of Nkomati Mine	1	–	1	–
Translation	–	(8)	–	–
Balance at end of year	27	13	3	2
Provision for restoration				
Balance at beginning of year	14	58	7	7
Dilution of Avgold to associate	–	(46)	–	–
Payments made	(1)	(5)	(1)	–
Acquisition of ARM Platinum (Proprietary) Limited	1	–	–	–
Acquisition of 25% of Nkomati mine	1	–	–	–
Provision for the year	23	7	1	–
Balance at end of year	38	14	7	7
Total environmental rehabilitation obligation	65	27	10	9
Post-retirement healthcare benefits				
Balance at beginning of year	84	85	66	63
Benefits	(7)	(6)	(6)	(5)
Service cost	3	2	2	1
Interest cost	11	10	10	9
Actuarial gain	(5)	(7)	(2)	(2)
Balance at end of the year	86	84	70	66
Total long-term provisions at end of the year	151	111	80	75

* This was incorrectly allocated to post-retirement healthcare benefits in 2003.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

	2004 Group Rm	2003 Group Rm	2004 Company Rm	2003 Company Rm
15 TRADE AND OTHER PAYABLES				
Trade payables	**289**	226	**13**	25
Other payables	**278**	213	**46**	79
Total trade and other payables	**567**	439	**59**	104
16 SHORT-TERM PROVISIONS				
Bonus provision				
Balance at beginning of year	**14**	16	**15**	14
Provision for the period	**38**	16	**38**	12
Payments made during the year	**(38)**	(15)	**(37)**	(11)
Dilution of Avgold to associate	**–**	(3)	**–**	–
Acquisition of remaining 25% of Nkomati Mine	**1**	–	**1**	–
Acquisition of ARM Platinum (Proprietary) Limited	**1**	–	**–**	–
Balance at end of the year	**16**	14	**17**	15
Leave pay provision				
Balance at beginning of year	**18**	32	**6**	6
Provision for the period	**5**	13	**(3)**	–
Payments made during the year	**(3)**	(13)	**–**	–
Dilution of Avgold to associate	**–**	(14)	**–**	–
Acquisition of ARM Platinum (Proprietary) Limited	**5**	–	**–**	–
Balance at end of the year	**25**	18	**3**	6
Other provision				
Balance at beginning of year	**–**	14	**–**	7
Payments made during the year	**–**	(7)	**–**	(7)
Sale of Chambishi	**–**	(5)	**–**	–
Translation	**–**	(2)	**–**	–
Balance at end of the year	**–**	–	**–**	–
Total short-term provisions	**41**	32	**20**	21

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

	2004 Group Rm	2003 Group Rm	2004 Company Rm	2003 Company Rm
17 OVERDRAFTS AND SHORT-TERM BORROWINGS				
Overdrafts	54	–	–	–
Short-term borrowings	741	687	42	455
– Foreign	–	163	–	163
– Local	741	524	42	292
Current portion of long-term borrowings	179	–	65	–
	974	687	107	455
Held as follows:				
– African Rainbow Minerals Limited	76	163	76	163
– Assmang Limited	737	524	–	–
– ARM Platinum (Proprietary) Limited	161	–	–	–
– Loans from subsidiaries	–	–	31	292
	974	687	107	455
18 REVENUE				
Revenue comprises:				
– Mining and related products	3 885	4 547	524	377
– By-products	–	32	–	–
– Toll treatment and other services	–	149	–	–
Mining and related revenue	3 885	4 728	524	377
Made up as follows:				
Local revenue	460	1 317	223	167
Export revenue	3 425	3 411	301	210
	3 885	4 728	524	377

Revenue between companies within the Group, including revenue at arm's length, is eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

		2004 Group Rm	2003 Group Rm	2004 Company Rm	2003 Company Rm
19	**PROFIT FROM OPERATIONS**				
	Profit from operations includes:				
	Foreign exchange gains/(losses)	**45**	(65)	**38**	(13)
	Remuneration for management advisory services	**–**	–	**–**	83
	Remuneration for technical advisory services	**4**	7	**4**	7
	Research and development cost	**–**	3	**–**	–
	Amortisation and depreciation				
	– land and buildings	**8**	7	**1**	1
	– mine development, exploration and decommissioning assets	**42**	130	**16**	9
	– mineral rights	**19**	2	**15**	–
	– intangible assets	**1**	1	**–**	–
	– plant and machinery	**85**	154	**5**	5
	– other	**63**	57	**5**	4
	Auditor's remuneration – audit fees	**4**	4	**1**	1
	– other services	**–**	1	**–**	1
	Exploration expenditure	**39**	36	**33**	29
	Inventory writedown	**2**	11	**–**	–
	Movement in provisions				
	– long-term	**31**	14	**4**	3
	– short-term	**37**	29	**30**	12
	Share transfer, secretarial and financial services	**2**	2	**2**	2
	Staff costs – salaries and wages	**469**	757	**95**	115
	– pension – defined contribution plans	**28**	45	**7**	6
	– post-retirement benefits	**22**	42	**4**	7
	– retrenchment costs	**23**	35	**23**	35
20	**INCOME FROM INVESTMENTS**				
	Dividend income – subsidiary companies – listed			**13**	21
	– other – listed	**1**	2	**1**	2
	– other – unlisted	**–**	1	**–**	–
	Interest received – subsidiary companies			**3**	47
	– environmental trust fund (refer note 3)	**2**	7	**–**	–
	– other	**23**	70	**13**	60
		26	80	**30**	130

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

	2004 Group Rm	2003 Group Rm	**2004 Company Rm**	2003 Company Rm
21 FINANCE COST				
Gross interest paid	**98**	175	**14**	19
Less: capitalised (refer note 2)	**(18)**	(6)	**–**	–
	80	169	**14**	19
22 EXCEPTIONAL ITEMS				
Surplus on disposal of Avgold shares	**1 075**	241	**1 300**	268
Loss on disposal of Chambishi	**(18)**	(649)	**(18)**	(270)
Surplus on disposal of Assore shares	**135**	–	**135**	–
Impairment on immovable property	**(44)**	–	**(11)**	–
Bad debt written off – Chambishi	**–**	–	**–**	(913)
Other	**–**	13	**–**	9
Exceptional items per income statement	**1 148**	(395)	**1 406**	(906)
Taxation	**(106)**	(4)	**(116)**	(1)
Minority interest	**(3)**	4	**–**	–
Profit on sale of fixed assets	**5**	–	**–**	–
Profit on sale of fixed assets in associates	**9**	7	**–**	–
Profit on dilution in associate	**8**	–	**–**	–
Net exceptional items	**1 061**	(388)	**1 290**	(907)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

	2004 Group Rm	2003 Group Rm	2004 Company Rm	2003 Company Rm
23 TAXATION				
South African normal taxation				
– current year	**72**	91	**49**	41
– prior year	**–**	(2)	**–**	–
– current year benefit of prior year unrecognised tax loss	**–**	(37)	**–**	(37)
State's share of profits	**21**	25	**–**	–
Deferred taxation				
– temporary differences	**186**	25	**114**	(42)
– written off – deferred tax asset	**–**	24	**–**	–
Secondary tax on companies	**3**	5	**–**	–
Capital gains tax	**9**	16	**9**	16
	291	147	**172**	(22)
Dealt with as follows:				
Attributable to profit before exceptional items	**185**	143	**56**	(23)
Attributable to exceptional items (refer note 22)	**106**	4	**116**	1
	291	147	**172**	(22)
Reconciliation of rate of taxation:	**%**	%	**%**	%
Standard rate of company taxation	**30**	30	**30**	30
Adjusted for:				
Disallowed expenditure	**2**	209	**2**	(50)
Exempt income	**(23)**	(111)	**(28)**	13
Effects of mining taxes	**1**	29	**–**	–
Capital Gains Tax	**7**	16	**7**	(2)
Secondary Tax on Companies	**–**	6	**–**	–
Tax losses not raised as deferred tax assets	**2**	(45)	**–**	12
Prior year tax underprovided	**–**	(3)	**–**	–
Write-off of deferred tax assets	**–**	26	**–**	–
Other	**–**	(1)	**–**	–
Effective rate of taxation	**19**	156	**11**	3
Assessed losses available for the reduction of future taxable income*	**246**	19	**–**	–
Unredeemed capital expenditure available for reduction against future mining income*	**1 827**	500	**–**	–

* Deferred tax has been raised on these.

The Group had unused credits in respect of secondary tax on companies of R88 million at 30 June 2004 (2003: R74 million).

The latest tax assessment for the Company relates to the year ended June 2000 and is dated 27 August 2004. The assessments for 2001 and 2002 have not yet been received. All returns, up to June 2003, have been submitted.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

	2004 Group Rm	2003 Group Rm	2004 Company Rm	2003 Company Rm
24 BASIC AND HEADLINE EARNINGS PER SHARE				
The calculation of basic earnings per share is based on basic earnings of R1 108 million (2003: R191 million – loss) and a weighted average of 128 115 (2003: 112 046) thousand shares in issue during the year.				
The calculation of headline earnings per share is based on headline earnings of R47 million (2003: R197 million) and a weighted average of 128 115 (2003: 112 046) thousand shares in issue during the year.				
The calculation of fully diluted basic earnings per share is based on basic earnings of R1 108 million (2003: R191 million – loss), with no reconciling items to derive at fully diluted earnings, and a weighted average of 128 876 (2003: 112 967) thousand shares: calculated as follows:				
Weighted average number of shares used in calculating basic earnings per share (thousands).	128 115	112 046		
Potential ordinary shares due to share options granted (thousands).	761	921		
Weighted average number of shares used in calculating fully diluted earnings per share (thousands)	128 876	112 967		
The calculation of fully diluted headline earnings per share is based on headline earnings of R47 million (2003: R197 million) and a weighted average of 128 876 (2003: 112 967) thousand shares.				
The calculation of net asset value per share is based on net assets of R6 628 million (2003: R2 511 million) and the number of shares at year-end 204 208 (2003: 112 602) thousand shares.				
The calculation of cash generated from operations per share (cents) is based on cash generated from operations of R603 million, (2003: R810 million) and the weighted average number of shares in issue 128 115 (2003:112 046) thousand shares.				
25 HEADLINE EARNINGS				
Earnings per income statement	1 108	(191)	1 384	(685)
– Bad debt write-off – Chambishi	–	–	–	913
– Loss on sale of Chambishi	18	649	18	270
– Profit on sale of Avgold	(1 075)	(241)	(1 300)	(268)
– Surplus on disposal of investments and mineral rights	(135)	–	(135)	(9)
– Impairment of mineral rights and land and buildings	44	–	11	–
– Profit on dilution of associate	(8)	–	–	–
– Profit on sale of fixed assets	(5)	–	–	–
– Other	(9)	(20)	–	–
	(62)	197	(22)	221
– Taxation	106	4	116	1
– Minority interest	3	(4)	–	–
Headline earnings	47	197	94	222

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

	2004 Group Rm	2003 Group Rm	2004 Company Rm	2003 Company Rm
26 RECONCILIATION OF NET PROFIT BEFORE TAX TO CASH GENERATED FROM OPERATIONS				
Profit from operations and exceptionals	**1 676**	225	**1 540**	(818)
Adjusted for:	**(892)**	582	**(1 343)**	962
– Amortisation and depreciation of fixed assets	**218**	351	**40**	20
– Long- and short-term provisions	**47**	44	**34**	16
– Profit on sale of Avgold	**(1 075)**	–	**(1 300)**	–
– Impairment of fixed assets	**35**	–	**–**	–
– Impairment of investment	**9**	–	**11**	–
– Surplus on disposal of fixed assets	**(13)**	(4)	**–**	–
– Surplus on disposal of investments	**(135)**	(261)	**(135)**	(277)
– Unrealised foreign exchange losses/(gain)	**7**	(179)	**(1)**	10
– Bad debt written off – Chambishi	**–**	–	**–**	913
– Payment to trust funds	**(4)**	(19)	**(1)**	(1)
– Loss on sale of Chambishi	**18**	649	**18**	270
– Other non-cash flow items	**1**	1	**(9)**	11
Operating profit before working capital changes	**784**	807	**197**	144
Increase in inventories	**(64)**	(164)	**(6)**	(4)
(Increase)/decrease in receivables	**(101)**	(47)	**84**	(30)
(Decrease)/increase in payables	**(16)**	214	**(46)**	40
Cash generated from operations	**603**	810	**229**	150
27 TAXATION PAID				
Balance at beginning of year	**28**	45	**6**	3
Prior year tax underprovided	**–**	(2)	**–**	–
Current taxation as per income statement	**105**	95	**58**	20
• normal tax	**72**	49	**49**	4
• state's share of profits	**21**	25	**–**	–
• capital gains tax	**9**	16	**9**	16
• secondary tax on companies	**3**	5	**–**	–
Dilution of Avgold to associate	**–**	(14)	**–**	–
Other movements	**–**	5	**5**	1
Balance at end of year	**(63)**	(28)	**(48)**	(6)
Taxation paid	**70**	101	**21**	18

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

28 PROCEEDS FROM DISPOSAL OF ASSOCIATE AND SUBSIDIARY

During the year the Company disposed of its entire holding in Avgold Limited. During 2003 the Company disposed of its holdings in Chambishi and sold down part of its investment in Avgold Limited.

The following assets and liabilities were disposed of:

	2004 Group Rm	2003 Group Rm	**Chambishi**	Avgold
Fixed assets	**–**	3 362	**572**	2 790
Investments	**865**	2	**–**	2
Inventories	**–**	214	**164**	50
Trust fund	**–**	46	**–**	46
Trade and other receivables	**–**	164	**126**	38
Long-term borrowings	**–**	(348)	**(20)**	(328)
Trade and other payables and provisions	**–**	(466)	**(211)**	(255)
Overdrafts and short-term borrowings	**–**	(192)	**–**	(192)
Minority interest	**–**	(1 019)	**–**	(1 019)
Cash and cash equivalents	**–**	155	**17**	138
Break cost on early settlement of loan	**–**	50	**50**	–
Net assets	**865**	1 968	**698**	1 270
Retained investment in associate at time of sale	**–**	967	**–**	967
Net assets sold	**865**	1 001	**698**	303
Realised profit/(loss) on disposal	**1 075**	(388)	**(649)**	261
Unrealised profit on disposal	**265**	–	**–**	–
Net proceeds on disposal	**2 205**	613	**49**	564
Less: Proceeds on disposal outstanding	**–**	49	**49**	–
Less: Cash and cash equivalents	**–**	155	**17**	138
Less: Non-cash share for share transaction	**2 205**	–	**–**	–
Less: Break cost on early settlement of loan	**–**	50	**50**	–
Cash flow on disposal	**–**	359	**(67)**	426

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

	2004 Group Rm	2003 Group Rm
29 DISCONTINUED OPERATIONS		
On 13 November 2003 it was publicly announced that through various transactions, amongst others, ARM would sell its entire shareholding in Avgold Limited to Harmony Limited on a share for share transaction.		
This transaction came into effect on 3 May 2004.		
On 14 June 2003 ARM publicly announced the decision of its board of directors that an agreement of sale was signed, subject to conditions precedent, to dispose of Chambishi Metals plc and Chambishi Marketing (Proprietary) Limited (Chambishi).		
The Group cobalt/copper segment results comprises Chambishi recoveries from its own dump resource and toll treatment.		
These results are included up to 17 July 2003 when the disposal took place as discontinuing operations in the consolidated income statement. The results for the period 1 – 17 July 2003 were immaterial to the Group.		
Avgold Limited 2004 and Chambishi 2003		
Attributable net cash flows		
Operating	–	(107)
Financing	–	102
Investing	–	(28)
Net cash inflow/(outflow)	–	(33)
Discontinued operations included in Income Statement		
Revenue	–	614
Cost of sales	–	(574)
Other operating income	–	32
Other operating expenses	–	(111)
Loss from operations	–	(39)
Income from investments	–	–
Finance costs	–	(47)
Loss from associate	**(53)**	–
Exceptional items	–	(50)
Taxation	–	(24)
Minority interest	–	20
Earnings	**(53)**	(140)
For total assets and liabilities disposed of refer to note 28.		
Profit/(loss) on disposal of discontinued operations (per income statement)	**1 057**	(649)
– Profit on disposal of Avgold Limited	**1 075**	–
– Loss on disposal of Chambishi	**(18)**	(649)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

30 ACQUISITIONS

During the year the Company acquired the remaining 25% of Nkomati mine and the entire share capital of ARM Platinum (Proprietary) Limited, which has a 50% interest in the Modikwa joint venture.

	Remaining 25% Nkomati 2004 Rm	ARM Platinum (Pty) Ltd 2004 Rm	Group 2004 Rm	Group 2003 Rm	Company 2004 Rm	Company 2003 Rm
The following assets and liabilities were acquired:						
Fixed assets	309	1 667	1 976	–	309	–
Deferred tax asset	–	2	2	–	–	–
Environmental trust fund	1	–	1	–	1	–
Inventories	6	–	6	–	6	–
Trade and other receivables	30	131	161	–	30	–
Long-term borrowings	–	(1 136)	(1 136)	–	–	–
Trade and other payables and provisions	(15)	(124)	(139)	–	(15)	–
Cash and cash equivalents	8	18	26	–	8	–
Deferred tax liability	(79)	(79)	(158)	–	(79)	–
Overdrafts	–	(168)	(168)	–	–	–
Minorities interest	–	(53)	(53)	–	–	–
Net assets	260	258	518	–	260	–
Purchase price*	260	258	518	–	260	–
Cash purchase as above	8	18	26	–	8	–
Transaction costs	–	–	(58)	–	(58)	–
Net cash effect on acquisitions			(32)	–	(50)	–

* ARM Platinum (Proprietary) Limited was bought by way of shares issued.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

31 SEGMENTAL INFORMATION

Primary segmental information

Business segments

For management purposes, the Group is organised into four major operating divisions. These are gold, platinum, nickel, and ferrous metals. The cobalt/copper segment was sold in the 2003 financial year.

The gold segment includes Avgold Limited which was sold in May 2004 and Harmony as an associate from 3 May 2004.

The platinum segment includes ARM Platinum (Proprietary) Limited from 3 May 2004.

The Group's products predominantly reflect the risks and rewards of trading and the operating divisions are therefore identified as the primary reporting segments.

	Gold Rm	Platinum Rm	Nickel Rm	Ferrous metals Rm	Corporate and other Rm	Cobalt/ Copper Rm	Total Rm
Year to 30 June 2004							
Revenue							
External revenue	–	57	524	3 304	–	–	**3 885**
Cost of sales	–	(71)	(252)	(2 741)	–	–	**(3 064)**
Other operating income	–	–	42	22	9	–	**73**
Other operating expenses	–	(1)	(73)	(194)	(98)	–	**(366)**
Reallocated corporate expenditure	–	–	(5)	71	(66)	–	**–**
Segment result	–	(15)	236	462	(155)	–	**528**
Income from investments	–	–	2	2	22	–	**26**
Finance cost	–	(16)	–	(52)	(12)	–	**(80)**
Loss from associate	(120)	–	–	–	–	–	**(120)**
Exceptional items	–	(35)	–	–	1 183	–	**1 148**
Taxation	–	(1)	(77)	(124)	(89)	–	**(291)**
Minority interest	–	6	–	(109)	–	–	**(103)**
Contribution to basic earnings	(120)	(61)	161	179	949	–	**1 108**
Contribution to headline earnings	(137)	(26)	161	177	(128)	–	**47**
Other information							
Consolidated total assets	4 338	2 024	452	4 227	419	–	**11 460**
Consolidated total liabilities	–	935	206	1 746	619	–	**3 506**
Cash in/(out) flow from operating activities	–	(34)	259	265	(15)	–	**475**
Cash in/(out) flow from investing activities	–	(91)	(7)	(452)	(141)	–	**(691)**
Cash in/(out) flow from financing activities	–	81	–	207	(8)	–	**280**
Capital expenditure	–	92	9	493	15	–	**609**
Amortisation and depreciation	–	9	38	168	2	–	**217**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

31 SEGMENTAL INFORMATION continued

	Gold Rm	Platinum Rm	Nickel Rm	Ferrous metals Rm	Corporate and other Rm	Cobalt/ Copper Rm	Total Rm
Primary segmental information							
Year to 30 June 2003							
Revenue							
External revenue	832	–	377	2 905	–	614	**4 728**
Cost of sales	(714)	–	(198)	(2 247)	–	(574)	**(3 733)**
Other operating income	1	–	19	13	293	32	**358**
Other operating expenses	54	–	(48)	(281)	(342)	(116)	**(733)**
Reallocated corporate expenditure	–	–	(1)	49	(53)	5	**–**
Segment result	173	–	149	439	(102)	(39)	**620**
Income from investments	10	1	3	1	65	–	**80**
Finance cost	(47)	–	–	(57)	(18)	(47)	**(169)**
Loss from associate	(42)	–	–	–	–	–	**(42)**
Exceptional items	–	–	–	–	(345)	(50)	**(395)**
Taxation	(9)	(1)	(44)	(130)	61	(24)	**(147)**
Minority interest	(57)	–	–	(101)	–	20	**(138)**
Contribution to basic earnings	28	–	108	152	(339)	(140)	**(191)**
Contribution to headline earnings	26	–	108	152	6	(95)	**197**
Other information							
Consolidated total assets	925	65	227	3 627	624	–	**5 468**
Consolidated total liabilities	–	2	54	1 338	422	–	**1 816**
Cash in/(out) flow from operating activities	183	2	208	399	159	(353)	**598**
Cash in/(out) flow from investing activities	(234)	(29)	(30)	(336)	511	(39)	**(157)**
Cash in/(out) flow from financing activities	(60)	12	–	(54)	(198)	(656)	**(956)**
Capital expenditure	96	30	30	338	1	29	**524**
Amortisation and depreciation	150	–	18	142	1	39	**350**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

	Group 2004 Rm	Group 2003 Rm
31 SEGMENTAL INFORMATION continued		
Geographical segments		
The Company operates in one principal geographical area, namely South Africa. In 2003 Chambishi in Zambia was the only significant operation outside South Africa and is reported in the cobalt/copper business segment.		
Assets by geographical area in which the assets are located are as follows:		
– South Africa	**10 652**	5 303
– Europe	**395**	84
– USA	**185**	81
– Middle East, Japan and China	**228**	–
	11 460	5 468
Revenue by geographical area		
– South Africa	**538**	1 612
– Zambia	**–**	145
– Europe	**1 087**	799
– Far and Middle East	**1 292**	1 067
– USA	**572**	571
– Other	**396**	534
	3 885	4 728
Capital expenditure		
– South Africa	**609**	495
– Zambia	**–**	29
	609	524

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

32 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group is exposed to certain financial risks in the normal course of its operations. To manage these risks, a treasury risk management committee monitors transactions involving financial instruments from time to time. Both recognised and unrecognised financial instruments are disclosed below.

The Group does not acquire, hold or issue derivative instruments for trading purposes.

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

(a) Currency risk – capital

The commodity market is predominantly priced in US Dollars, which exposes the Group's cash flows to foreign exchange currency risks.

Derivative instruments used to hedge the position of the Group against these risks include forward sale and purchase contracts as well as forward exchange contracts.

	Foreign currency amount	Year-end exchange rate
Financial assets		
Foreign currency denominated items included in receivables 30 June 2004	61 US$ million	6,26
Foreign currency denominated items included in receivables 30 June 2004	48 EURO million	7,63
Foreign currency denominated items included in receivables 30 June 2003	9 EURO million	8,49
Foreign currency denominated items included in receivables 30 June 2003	72 US$ million	7,51
Financial liabilities		
Foreign currency denominated items included in payables 30 June 2004	1 AU$ million	4,35
Foreign currency denominated items included in payables 30 June 2004	6 US$ million	6,34
Foreign currency denominated items included in payables 30 June 2003	4 US$ million	7,51

(b) Liquidity risk management

The Company's executive meets regularly to review long and mid-term plans as well as short-term forecasts of cash flow.

Funding requirements are met by arranging banking facilities and/or structuring finance as applicable. All funding and related structures are approved by the board of directors.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

32 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

(c) Credit risk

Credit risk arises from possible defaults on payments by business partners or bank counterparties. The Group minimises credit risk by evaluating counterparties before concluding transactions in order to ensure the credit worthiness of such counterparties. 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.

(d) Treasury risk management

The treasury function is outsourced to Andisa Treasury Solutions (Proprietary) Limited (Andisa), specialist in the management of third party treasury operations.

Together with ARM executives, Andisa coordinate the short-term cash requirements in the South African domestic money market. This treasury operation makes available to all Group companies its bulk finance benefits at, or better than market-related prices.

A treasury committee, consisting of senior managers in the Company and representatives from Andisa, meet on a regular basis to analyse currency and interest rate exposures as well as future funding requirements within the Group. The committee reviews the treasury operation's dealings to ensure compliance with Group policies and exposure limits as directed by the board of directors and audit committee.

(e) Equity instruments

Equity instruments include equity and preference shares. The preference shares in ARM Mining Consortium has the characteristics of debt without an equity component.

(f) Commodity price risk

Commodity price risk arises from the possible adverse effect of fluctuations in commodity prices on current and future earnings. Most of these prices are US$ and EURO based and are internationally determined in the open market. From these base prices contracts are negotiated.

ARM does not actively hedge future commodity revenues for the commodities that it produces against price fluctuations.

(g) Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's long-term debt obligations.

The Group manages its interest cost using a mix of fixed and variable rates.

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.

Hedging of interest rates may be undertaken to ensure that fluctuations in interest rates do not have an unexpected impact on the cash flows or value of assets and liabilities.

Cash is managed to ensure that surplus funds are invested in a manner to achieve maximum returns while minimising risks. This is achieved through the activities of Andisa assisting the Group in managing cash flow needs. Significant exposures to interest rate risk were as follows:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

32 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

Financial assets	Foreign currency amount US$m	Book value at year-end Rm	Repricing date	Maturity date	Effective interest rate
Year ended 30 June 2004					
Cash – financial institutions		120		overnight call deposit	7 - 8%
– fixed		208		Various dates	7 - 8,5%
		328			
Year ended 30 June 2003					
Cash – financial institutions		83		overnight call deposit	11,00 – 13,35%
– SARB	9	69			Dollar overnight
– fixed		112		Various dates	11,85 – 13,35%
	9	264		to Nov 2003	
Financial liabilities					
Year ended 30 June 2004					
Long term borrowings					
Loan facility 1 (Modikwa mine)		495		2010	15,99%
Loan facility 2 (Modikwa mine)		137		2010	16,99%
Loan facility 3 (Modikwa mine)		53		2010	14,23 – 16,74%
Preference shares		50		2012	Prime
Leases		21		2005	9,75%
Loan facility (Nkomati mine)		260		2008	10,25%
Loan facility (Avalloys)		20		2007	9,70%
		1 036			
Less transferred to short term		(179)			
Total		857			
Year ended 30 June 2003		Nil			
Short-term financial liabilities					
Year ended 30 June 2004					
– Financial institutions		974	30/06/2004	on demand	Linked to Money Market
Total financial liabilities		974			
Year ended 30 June 2003					
– Rand Merchant Bank (Dublin)	7	49	28/06/2002	31/07/2003	LIBOR +1,25%
– Nedcor Trade Securities (Mauritius) Limited	15	114	28/06/2002	31/08/2003	LIBOR +1,35%
Total foreign financial liabilities	22	163			
– Financial institutions		524	30/06/2003	30/06/2004	Linked to Money Market
Total local liabilities		524			
Total financial liabilities	22	687			

Trade receivables, cash and cash equivalents and trade and other payables

The carrying amounts approximate fair value because of the short-term duration of these instruments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

	2004 Group Rm	2003 Group Rm	2004 Company Rm	2003 Company Rm
33 COMMITMENTS AND CONTINGENT LIABILITIES				
Commitments				
Commitments in respect of capital expenditure:				
Approved by directors				
– contracted for	**115**	129	**2**	1
– not contracted for	**330**	271	**1**	1
Total commitments	**445**	400	**3**	2

It is anticipated that this expenditure, which mainly relates to plant and equipment, will be incurred over a two-year period and will be financed from operating cash flows and by utilising available borrowing resources.

Taxation

The Company has a contingent liability for the amount of tax relating to the African Rainbow Minerals Limited loan stock redemption premium that the South African Revenue Service disallowed in 1998.
The potential 1998 liability for tax is R107 million plus interest. This matter is currently under appeal.

Guarantee's

A back-to-back guarantee to Assore Limited (Assore) in respect of guarantees issued to bankers by Assore to secure a short-term export finance agreement facility of R180 million (2003: R180 million). Short-term export finance loans negotiated in terms of the above facility in the ordinary course of business at 30 June 2004 were Nil (2003: Nil).

African Rainbow Minerals Limited has provided an irrevocable and unconditional guarantee to Copperbelt Energy Corporation plc (CEC) and the Development Bank of Southern Africa Limited (DBSA) for the due and punctual payment by Chambishi Metals plc (Chambishi) of the capital charge component of the power supply assets installed and owned by CEC for which financing was obtained by CEC from DBSA The total outstanding capital charge obligation in 2002 amounted to US$10 million and will reduce over 10 years ending June 2012 as capital charge payments are made by Chambishi. This guarantee will be replaced by the next owners of Chambishi.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

33 COMMITMENTS AND CONTINGENT LIABILITIES continued

Chambishi liabilities and royalties

ARM has a potential future cash flow stream following the disposal of Chambishi. In terms of the accounting requirements of AC 133 this unrealised, unearned potential future cash flow stream has been valued. Owing to the inherent uncertainties of such an exercise, conservative parameters have been used (cobalt price: US$10/lb; discount rate: 20 percent).

The net present value of this potential future cash stream is estimated at US$7,3 million.

In addition to the above and similarly linked to the Chambishi disposal, ARM also has potential future liabilities. Management estimates at balance sheet date indicate that these liabilities could amount to US$7,4 million.

In terms of the agreement of sale of Chambishi, the right of set-off exists in respect of the abovementioned assets and liabilities.

Due to the many variables and assumptions used in the calculation of both the liability number and the future potential cash stream and the further uncertainties regarding the earning and timing of actual recovery or payment of these linked amounts, no transactions have been processed in the accounting records of ARM in respect of these amounts.

Litigations

Claims by community (ARM Platinum (Proprietary) Limited)

The current litigation commenced in 2003 when correspondence was forwarded to Modikwa by Ntuli Noble and Spoor Inc, purporting to act on behalf of the Banareng Tribal Authority. Various allegations were made regarding the Bapedi Shaft (Maandagshoek Winze), and it its alleged impact on the residents of the Sehlako Village.

Meetings and correspondence followed and on 20 May 2004 an application was made in the High Court of South Africa for the claim to be heard. The application was brought by the community and the respondents are cited as Rustenburg Platinum Mine Limited (RPM), ARM Mining Consortium (ARMMC), the Minister of Minerals and Energy, the Minister of Land Affairs and the Government of the Republic of South Africa. RPM and ARMMC have submitted an answering affidavit to the High Court and a ruling is awaited. An internal task team has also been appointed to resolve these allegations in an amicable manner.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

33 COMMITMENTS AND CONTINGENT LIABILITIES continued

Leases (see also note 2)	**2004 Rm Minimum payments**	**2004 Rm Present value of payments**	2003 Rm Minimum payments	2003 Rm Present value of payments
Within one year	8	7	–	–
After one year but not more than five years	18	14	–	–
Total minimum lease payments	26	21	–	–
Less amounts representing finance charges	(5)	–	–	–
Present value of minimum lease payments	21	21	–	–

34 RETIREMENT PLANS

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

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

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

Members contribute between 5,0 percent and 7,5 percent and employers between 6,2 percent and 18,12 percent of pensionable salaries to the funds.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

35 POST-RETIREMENT HEALTHCARE BENEFITS

The Group has obligations to fund a portion of certain pensioners' and retiring employees' medical aid contributions based on the cost of benefits. The anticipated liabilities arising from these obligations have been actuarially determined using the project 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 12 percent, based on high quality corporate bonds; and
- an increase in healthcare costs at a rate of 8,74 percent.

The provisions raised in respect of post-retirement healthcare benefits amounted to R86 million (2003: R88 million) at the end of the year. Of this amount, R2 million (2003: R5 million) was charged against income in the current year (refer to note 14).

The liabilities raised based on present values of the post-retirement benefit, have been recognised in full. An actuarial valuation is carried out in respect of this liability at three yearly intervals. No new employees get this benefit and the liability is relatively stable. The last actuarial valuation was conducted in 2004 and was accordingly adjusted. The liability for post-retirement healthcare benefits is not funded.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

36 RELATED PARTY TRANSACTIONS

Related party transactions can exist between subsidiaries and the holding company, fellow subsidiaries, associated companies, joint ventures and key management personnel. A report on investments in subsidiaries, associated companies and joint ventures, that indicates the relationship and degree of control exercised by the Company, appears on pages 112 to 114.

Transactions between the holding company, its subsidiaries, associated companies and joint ventures relate to fees, dividends, rents and interest and are regarded as intra-Group transactions and eliminated on consolidation.

Fees relating to specific capital projects are not eliminated as the underlying costs are capitalised to capital work-in-progress.

These transactions are concluded at arms length and under terms and conditions that are no less favourable than those arranged with third parties. The volume of these transactions are insignificant in relation to the operating transactions of the Company and are concluded to effect internal policies and practices of the Company. There were no material outstanding balances at the end of the year, as transactions with the Group companies are eliminated on consolidation.

	2004 Group Rm	2003 Group Rm	**2004 Company Rm**	2003 Company Rm
Assmang Limited				
– Provision of services	**3**	5	**76**	57
– Dividends	**–**	–	**13**	21
Chambishi Metals plc				
– Provision of services	**–**	1	**–**	25
– Interest	**–**	–	**–**	45
Nkomati				
– Provision of services	**–**	1	**4**	6

REPORT ON SUBSIDIARY COMPANIES

FOR THE YEAR ENDED 30 JUNE 2004

	2004 Company Rm	2003 Company Rm
INVESTMENTS		
Listed: market value R1 985 million (2003: R2 233 million)	**263**	473
Unlisted	**470**	207
	733	680
Amounts owing by subsidiaries (refer note 5)	**1 001**	296
Amounts owing to subsidiaries (refer note 17)	**(31)**	(292)
	1 703	684
INCOME FROM SUBSIDIARIES		
Dividends	**13**	21
Interest	**–**	47
Fees – management advisory services	**77**	83
Fees – technical advisory services	**3**	7
	93	158
MEMBERS' AGGREGATE INTEREST IN PROFITS AND LOSSES AFTER TAXATION OF SUBSIDIARIES		
Profits	**110**	103
Losses	**61**	184
INDEBTEDNESS TO COMPANIES IN THE GROUP		
The aggregate amount of indebtedness of subsidiaries to ARM is:		
– included in investments	**1 001**	296
– included in receivables	**–**	4
	1 001	300
The aggregate amount of indebtedness of ARM to its subsidiaries is:		
– included in payables	**–**	1
– included in overdrafts and short-term borrowings	**31**	292
	31	293

PRINCIPAL SUBSIDIARY COMPANIES

FOR THE YEAR ENDED 30 JUNE 2004

Name and nature of business	Class	Issued capital amount 2004 Rm	Issued capital amount 2003 Rm	Direct interest in capital 2004 %	Direct interest in capital 2003 %	Book value of the Company's interest: Shares 2004 Rm	Shares 2003 Rm	Indebtedness by/(to) 2004 Rm	Indebtedness by/(to) 2003 Rm
African Rainbow Minerals Platinum (Pty) Ltd platinum mining	Ord	**–**	–	**100**	–	**–**	–	**641**	–
Anglovaal Air (Pty) Ltd air charter operator	Ord	**–**	–	**100**	100,0	**89**	89	**(211)**	(211)
Assmang Limited[1] manganese, iron ore and chrome mining co	Ord	**2**	2	**50,4**	50,4	**261**	261	**–**	–
Atscot (Pty) Ltd investment company	Ord	**1**	1	**100**	100,0	**10**	10	**(23)**	(23)
Avgold Limited[4] gold producer	Ord	**–**	7	**–**	42,2	**–**	914	**–**	–
Avmin Limited mining investment	Ord	**454**	454	**100**	100,0	**678**	678	**(17)**	(17)
Bitcon's Investments (Pty) Ltd investment company	Ord	**–**	–	**100**	100,0	**2**	2	**(2)**	(2)
Jesdene Limited share dealer	Ord	**–**	–	**100**	100,0	**–**	–	**6**	6
Kingfisher Insurance Co Ltd insurance	Ord	**–**	–	**100**	100,0	**5**	5	**13**	–
Lavino (Pty) Ltd investment company	Ord	**1**	1	**100**	100,0	**4**	4	**(9)**	(9)
Letaba Copper & Zinc Corp Ltd prospecting company	Ord	**1**	1	**94**	94,0	**–**	–	**–**	–
Mannequin Insurance PCC Ltd[3] insurance	Ord	**4**	4	**100**	100,0	**5**	5	**–**	–
Prieska Copper Mines Ltd investment company	Ord	**27**	27	**97**	97,0	**–**	–	**–**	–
Sheffield Minerals (Pty) Ltd investment company	Ord	**–**	–	**100**	100,0	**–**	–	**(5)**	(6)
South African Base Minerals Ltd investment company	Ord	**–**	–	**100**	100,0	**–**	–	**–**	–
Tasrose Investments (Pty) Ltd	Pref	**–**	–	**100**	100,0	**24**	24	**–**	–
mining investment	Ord	**–**	–	**100**	100,0			**(24)**	(24)
Two Rivers Platinum (Pty) Ltd platinum investment	Ord	**100**	100	**55**	55,0	**55**	55	**333**	281
Vallum Investments (Pty) Ltd investment company	Ord	**–**	–	**100**	100,0	**–**	–	**–**	–
Venetia Diamond Mines (Pty) Ltd[2] share dealer	Ord	**–**	–	**–**	100,0	**–**	–	**–**	–
Venture Building Trust (Pty) Ltd property owner	Ord	**–**	–	**100**	100,0	**13**	13	**8**	9

Notes
Ord – Ordinary shares
Pref – Preference shares
Unless otherwise stated, all companies are incorporated and carry on their principal operations in the Republic of South Africa. Interests are shown to the extent that this information is considered material. A schedule with details of all other subsidiaries is available from the registered office or the London secretaries of the Company.
[1] Listed company
[2] De-registered
[3] Incorporated in Guernsey
[4] Sold to Harmony on 3 May 2004

REPORT ON OTHER INVESTMENTS

AS AT 30 JUNE 2004

	GROUP Number of shares held		COMPANY Number of shares held		GROUP Effective percentage holding	
Name of company	**2004**	2003	**2004**	2003	**2004**	2003
INVESTMENTS IN ASSOCIATED COMPANIES, JOINT VENTURES AND PARTNERSHIPS						
ASSOCIATED COMPANIES						
Listed						
Village Main Reef Gold Mining Company (1934) Limited						
Ordinary shares of 12,5 cents each	**2 292 500**	2 292 500	**2 292 500**	2 292 500	**38**	38
Harmony Gold Mining Company Limited	**63 632 922**	–	**63 632 922**	–	**19,84**	–
Ordinary shares of 50 cents each						
INVESTMENTS IN OTHER COMPANIES						
Listed						
Assore Limited	**–**	2 610 600	**–**	2 610 600	**–**	9
Sub-Sahara Resources Limited[(i)]	**6 265 664**	6 265 664	**6 265 664**	6 265 664	**–**	–
Unlisted						
Business Partners Limited	**323 177**	323 177	**323 177**	323 177		
JOINT VENTURES AND PARTNERSHIPS						
Cato Ridge Alloys (Proprietary) Limited	**19 400**	19 400	**–**	–	**25,2**	25,2
Modikwa Joint Venture	**–**	–	**–**	–	**41,5**	–
Nkomati Joint Venture	**–**	–	**–**	–	**100**	75

Notes

Interests are shown to the extent that this information is considered material. A schedule with details of all other investments is available from the registered office or the London secretaries of the Company.

[(i)] Incorporated in Australia

CONVENIENCE TRANSLATION INTO US$

FOR THE YEAR ENDED 30 JUNE 2004

For the benefit of international investors, the balance sheet, income statement and statement of changes in equity and the cash flow statement of the Group, presented in Rands and set out on pages 76 to 79, have been translated into United States Dollars and are presented on this page and pages 116 to 119. These are supplementary information and not required by any accounting standard.

The balance sheets are translated at the rate of exchange ruling at the close of business at 30 June each year and the income statements and cash flows are translated at the average exchange rates for the years reported, except for the opening and closing cash balances of cash flows which are translated at the rate ruling at the close of business at 30 June each year. The movement in statement of equity is translated at the exchange ruling at the close of business at 30 June each year.

The measurement currency for the whole Group in 2004 was SAR and in 2003 only Chambishi was not in SAR but US$.

The exchange rates were as follows:	**2004**	**2003**
	R/US$	**R/US$**
Balance sheet	R6,26	R7,51
Income statement and cash flow statement	R6,90	R9,04

The Dollar-denominated balance sheets, income statements, statements of changes in equity and cash flow statements should be read in conjunction with the accounting policies of the Group as set out on pages 70 to 75 and with the notes to the financial statements on pages 80 to 111.

US$ BALANCE SHEET

AS AT 30 JUNE 2004

CONVENIENCE TRANSLATION

	Note	2004 Group US$m	2003 Group US$m
ASSETS			
Non-current assets			
Tangible assets	2	747	303
Intangible assets	2	1	1
Deferred tax assets	13	1	2
Environmental rehabilitation trust funds	3	5	3
Investment in associates	4	694	123
Other investments	5	–	28
		1 448	460
Current assets			
Inventories	7	146	113
Trade and other receivables	8	186	120
Cash and cash equivalents	9	52	35
		384	268
Total assets		1 832	728
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary share capital	10	2	1
Share premium	10	558	11
Other reserves		(31)	29
Retained earnings		530	294
Shareholders' interest in capital and reserves		1 059	335
Minority interest	11	212	152
Total shareholders' interest		1 271	487
Non-current liabilities			
Long-term borrowings	12	137	–
Deferred tax liabilities	13	136	69
Long-term provisions	14	24	15
		297	84
Current liabilities			
Trade and other payables	15	91	58
Provisions	16	7	4
Taxation	27	10	4
Overdrafts and short-term borrowings	17	156	91
		264	157
Total equity and liabilities		1 832	728

US$ INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2004

CONVENIENCE TRANSLATION

	Note	2004 Group US$m	2003 Group US$m
Revenue	18	**563**	523
Cost of sales		**(444)**	(413)
Gross profit		**119**	110
Other operating income		**11**	40
Other operating expenses		**(50)**	(77)
Retrenchment cost		**(3)**	(4)
Profit from operations	19	**77**	69
Income from investments	20	**4**	9
Finance costs	21	**(12)**	(19)
Loss from associate		**(17)**	(5)
Profit before taxation and exceptional items		**52**	54
Exceptional items	22	**165**	(44)
– Profit/(loss) on disposal of discontinued operations		**153**	(72)
– Other exceptional items		**12**	28
Profit before taxation		**217**	10
Taxation	23	**(42)**	(16)
Profit from ordinary activities		**175**	(6)
Minority interest		**(15)**	(15)
Earnings		**160**	(21)
Additional information			
Headline earnings	25	**7**	22
Headline earnings per share (cents)	24	**5**	19
Basic earnings/(attributable loss) per share (cents)	24	**125**	(19)
Fully diluted earnings/(attributable loss) per share (cents)	24	**124**	(19)
Fully diluted headline earnings per share (cents)	24	**5**	19

US$ STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2004

CONVENIENCE TRANSLATION

Group	Note	Share capital and premium US$m	Foreign currency translation US$m	Other US$m	Retained profit US$m	Total US$m
Balance at 30 June 2002		7	(4)	14	235	**252**
Translation adjustments		3	2	7	79	**91**
Loss		–	–	–	(20)	**(20)**
Revaluation of listed investment		–	–	5	–	**5**
Reversal of derivative instruments		–	–	3	–	**3**
Share options exercised	10	2	–	–	–	**2**
Realisation of reserve on disposal of Chambishi		–	2	–	–	**2**
Balance at 30 June 2003		12	–	29	294	**335**
Translation adjustments		1	–	2	76	**79**
Basic earnings		–	–	–	160	**160**
Investments sold		–	–	(21)	–	**(21)**
Investment revalued		–	–	(7)	–	**(7)**
Share options exercised	10	9	–	–	–	**9**
Shares issued for acquisitions	10	538	–	–	–	**538**
Share of associate	4	–	–	(34)	–	**(34)**
Balance at 30 June 2004		**560**	**–**	**(31)**	**530**	**1 059**

US$ CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2004

CONVENIENCE TRANSLATION

	Note	2004 Group US$m	2003 Group US$m
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from customers		556	528
Cash paid to suppliers and employees		(469)	(439)
Cash generated from operations	26	87	89
Translation adjustment		9	16
Interest received		3	8
Interest paid		(10)	(19)
Dividends paid		(2)	(2)
Taxation paid	27	(10)	(11)
Net cash inflow from investing activities		77	81
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to fixed assets to maintain operations		(68)	(46)
Additions to fixed assets to expand operations		(15)	(12)
Net cash effects of acquisitions	30	(5)	–
Proceeds on disposal of fixed assets		1	1
Proceeds on disposal of investments		24	–
Purchase of remaining portion in Nkomati mine	30	(38)	–
Net cash effect on sale of Chambishi	28	–	(7)
Net cash effect on dilution of Avgold to associate	28	–	47
Net cash outflow from investing activities		(101)	(17)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds on exercise of share options		8	2
Funding received from minority shareholders		6	1
Long-term borrowings raised		41	–
Long-term borrowings repaid		(18)	(82)
Decrease in short-term borrowings		4	(26)
Net cash inflow/(outflow) from financing activities		41	(105)
Net increase/(decrease) in cash and cash equivalents		17	(41)
Cash and cash equivalents at beginning of year		35	76
Cash and cash equivalents at end of year		52	35
Cash generated from operations per share (cents)	24	68	80

STOCK EXCHANGE SHARE LISTINGS AND CONTACTS

JSE Securities Exchange, South Africa
Share code: ARI

South African Share Transfer Secretaries

Computershare Investor Services 2004 (Proprietary) Limited
70 Marshall Street
Johannesburg, 2001
South Africa

Postal address

PO Box 61051
Marshalltown, 2107
South Africa
Telephone +27 11 370 5000
Fax +27 11 370 5271/2

STRATE
Share Transactions Totally Electronic (STRATE) is an electronic settlement system for transactions on the JSE Securities Exchange, South Africa and off-market trades. The advent of STRATE has aligned South Africa with international practice and enhances the security of settlement in the equities market. The STRATE initiative enables dematerialisation of equity scrip in a Central Securities Depository (CSD). This dematerialisation will facilitate settlement and the transfer of ownership by electronic book entry.
Tel +27 11 520 7700
Fax +27 11 520 8600
E-mail liasondesk@strate.co.za
Website www.strate.co.za

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London Stock Exchange
Share code: AGM

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Fax 0944 20 7491 1989

United Kingdom Registrars

Capita Registrars
The Registry
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Beckenham
Kent,
England BR3 4TU
United Kingdom
Telephone 0944 20 8639 2157
Fax 0944 20 8639 2342

SHARE CODES

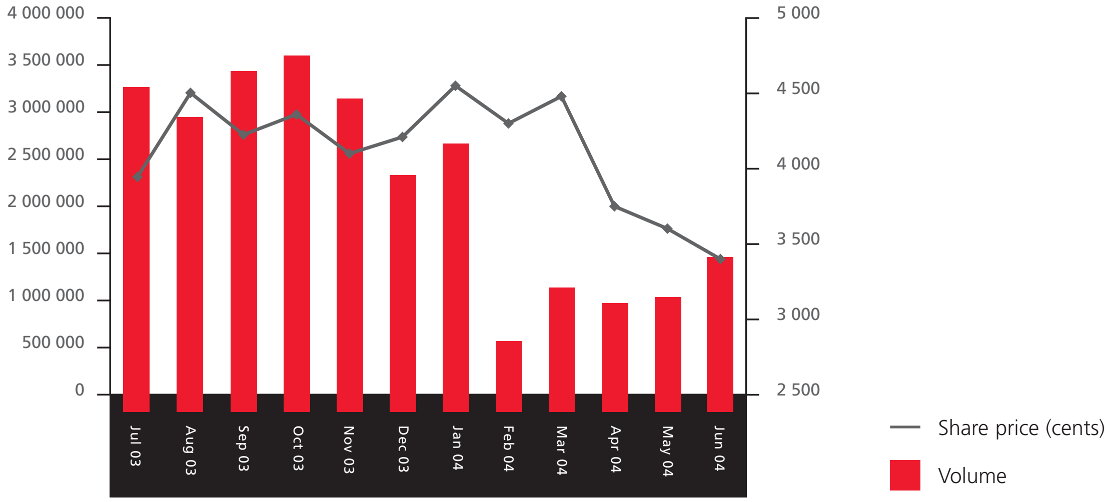
ARIJ.J
Reuters

ARISJ
Bloomberg

SHAREHOLDER INFORMATION

Sector	Other mineral extractors and mines
Nature of business	Mining of PGMs, nickel and ferrous metals
Issued share capital as at 30 June 2004	204 208 068 *(number of shares)*
Market capitalisation as at 30 June 2004	R6 943 074 312
Share price close on 30 June 2004	R34,00
12 month high (July 2003 – June 2004)	R48,00
12 month low (July 2003 – June 2004)	R32,50
Annual volume	26 547 533 *(number of shares)*

ORDINARY SHARE PRICE PERFORMANCE/VOLUME ON THE JSE SECURITIES EXCHANGE, SOUTH AFRICA



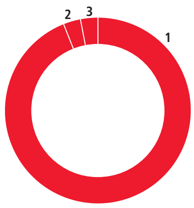
(Source: Reuters)

SHAREHOLDERS' ANALYSIS AS AT 30 JUNE 2004

SHAREHOLDER SPREAD	No. of shareholders	%	No. of shares	%
1 – 1 000 shares	2 391	69,69	734 398	0,36
1 001 – 10 000 shares	731	21,31	2 204 031	1,08
10 001 – 100 000 shares	195	5,68	7 600 387	3,72
100 001 – 1 000 000 shares	94	2,74	26 202 164	12,83
1 000 001 shares and over	20	0,58	167 467 088	82,01
	3 431	**100,00**	**204 208 068**	**100,00**

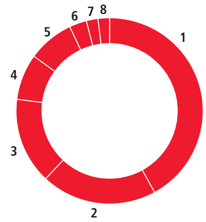
Principal shareholders	%
African Rainbow Minerals & Exploration Investments (Proprietary) Limited	43
Harmony Gold Mining Company Limited	19

1 - 94% South Africa
2 - 3% England & Wales
3 - 3% Other Countries



Geographic Holding by Manager (%)

1 - 42% Corporate holding
2 - 20% Other
3 - 15% Pension funds
4 - 8% Insurance companies
5 - 8% Unit trusts
6 - 3% Private investor
7 - 2% Other managed funds
8 - 2% Other funds



Type of Fund by Owner (%)

	Percentage of issued shares
Allan Gray Investment Council (ZA)*	17,16
Old Mutual Asset Managers (ZA)	5,82
Stanlib Limited (ZA)	3,33
Merrill Lynch Investment Managers (UK)	1,37
Metal & Eng Industries Fund Manager (ZA)	0,87
Oasis Asset Management (ZA)	0,80
Investec Asset Management (ZA)	0,63
Quaystone Limited (ZA)	0,51
Asset Value Investors Limited (UK)*	0,51
Sanlam Investment Management (ZA)	0,42
Goldman Sachs Asset Management Inc (US)*	0,27
Hermes Pensions Management Limited (UK)	0,24
Sasfin Frankel Pollak (ZA)	0,24
Coronation Fund Managers (ZA)	0,22
Credit Suisse FB (Europe) Limited (UK)*	0,19
HSBC Securities (ZA)*	0,18
Mackenzie Financial Corporation (CA)	0,17

Largest Institutional Shareholders (30 June 2004)

* For and on behalf of its clients

SHARE LIQUIDITY

		Volume (number of shares) JSE Securities Exchange, South Africa
July	2003	3 265 785
August	2003	2 945 095
September	2003	3 433 738
October	2003	3 596 069
November	2003	3 142 076
December	2003	2 329 245
January	2004	2 662 809
February	2004	568 659
March	2004	1 134 486
April	2004	973 035
May	2004	1 035 633
June	2004	1 460 903
TOTAL	2004	26 547 533
LIQUIDITY		**13%**

DISCLAIMER ON CERTAIN FORWARD-LOOKING STATEMENTS

Certain statements in this report constitute "forward-looking statements". Such statements involved known and unknown risks, uncertainties and other factors that may cause the actual results, performances, objectives or achievemets of ARM and its subsidiary or associated companies as well as the mining industry to be materially different from the results, performances, objectives or achievements expressed or implied by these forward-looking statements. ARM is subject to the effect of changes in the minerals and metals commodity prices, currency fluctuations and the risks involved in mining operations.

ARM undertakes no obligation to publicly update or revise any of these "forward-looking statements", whether to reflect new information or future events or circumstances or otherwise.

SHAREHOLDERS' DIARY

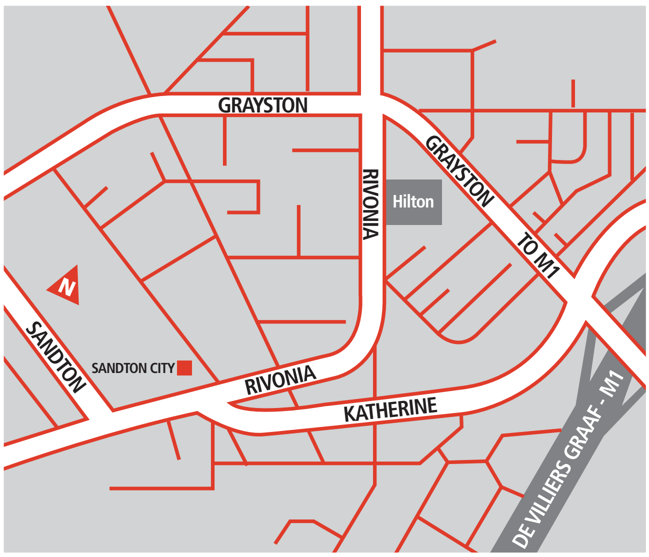
Financial year-end	30 June
Annual general meeting, 71st meeting	20 January 2005
Annual general meeting, 72nd meeting	November 2005

Report and profit statements	**Published**
Half-yearly interim report	March 2005
Results and dividend announcement	September 2005
Annual financial statements issued	October 2005

Annual general meeting venue

to be held on 20 January 2005 at 11:00

Hilton Sandton, 138 Rivonia Road, Sandton tel (011) 322 1888



NOTICE OF ANNUAL GENERAL MEETING

African Rainbow Minerals Limited

(Formerly Anglovaal Mining Limited)
(Registration number 1933/004580/06)
Share codes: South Africa ARI
London Stock Exchange AGM
ISIN ZAE000017141
The "Company"

Notice is hereby given that the seventy-first annual general meeting of members of African Rainbow Minerals Limited will be held at Hilton Sandton, 138 Rivonia Road, Sandton, on Thursday, 20 January 2005 at 11:00, for the following purposes:

1 To receive and consider the annual financial statements for the year ended 30 June 2004.

2 To elect the following directors in accordance with the provisions of the Company's articles of association, and who, being eligible, offer themselves for re-election, namely, Messrs RP Menell and JR McAlpine.
Refer footnotes for directors' curricula vitae

3 To elect the following directors who were appointed, as such, since the last annual general meeting and who, being eligible, offer themselves for election namely; Mesdames MMM Bakane-Tuoane (Dr) and RV Simelane (Dr) and Messrs F Abbott, WM Gule, MW King, AK Maditsi, PJ Manda, PS Sibisi (Dr), MV Sisulu and AJ Wilkens.
Refer footnotes for directors' curricula vitae

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

Ordinary resolution number 1
"Resolved that the remuneration to be paid to the directors shall be paid out of the funds of the Company as fees and is hereby increased from R100 000 to R110 000 per annum for the chairman and from R60 000 to R66 000 per annum for each of the other directors, and directors' meeting attendance fees be increased from R7 000 to R7 700 per meeting for the chairman and from R4 200 to R4 700 per meeting for each of the other directors, payable quarterly in arrears, with effect from 1 July 2004 until otherwise determined by the Company in general meeting."

NOTICE OF ANNUAL GENERAL MEETING

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

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.

FOOTNOTES

Directors retiring by rotation and are seeking re-election

Richard Peter Menell, (49), MA, MSc. A director of companies. Deputy chairman and formerly the executive chairman of the board of directors. He relinquished the latter position on 4 May 2004. A director of the Company since 1994. Chairman of the sustainable development committee and a member of the investment committee.

James Roy McAlpine, (63), BSc, CA (Scotland). Director of companies. An independent non-executive director. Appointed to the board during 1998. He serves as a member of the audit and remuneration committees.

Confirmations of appointments of directors appointed since the last annual general meeting

Frank Abbott, (49), BCom, CA(SA), MBL. Executive financial director of the Company, appointed to the board during 2004.

Mmapusetso Manana Maria Bakane-Tuoane Dr, (56), BA, MA, PhD. Public administrator – director general. Appointed to the board in 2004. Chairman of the remuneration and a member of the sustainable development committees. An independent non-executive director.

Wilson Mangisi Gule, (52), BA(Hons). Executive director appointed to the board on 1 December 2004.

Michael Wallis King, (67), CA(SA), FCA. Director of companies. An independent non-executive director. Chairman of the audit committee and member of the investment committee. First appointed to the board in 2004.

Alexander Komape Maditsi, (42), BProc, LLB, LLM. International corporate lawyer. Appointed to the board in 2004 and serves on the audit and nomination committees. An independent non-executive board member.

Peter Johannes Manda, (47), BJuris, LLB, LLM. Chief executive officer of a premier league football club. An independent non-executive director; Chairman of the empowerment and a member of the sustainable development committees. Appointed 2004.

Patrick Sibusiso Sibisi Dr, (49), BSc (Hons), PhD. Chief executive officer of the CSIR. An independent non-executive director appointed in 2004. Appointed to the board in 2004 and serves as chairman of the investment committee.

Rejoice Vakashile Simelane Dr, (52), BA, MA, PhD (Economics). Economist. An independent non-executive director appointed in 2004. Serves on the audit and nomination committees.

Max Vuyisile Sisulu (59), MPA, MSc. General manager of a leading energy and chemical company. An independent non-executive director appointed during 2004 as a director and is a member of the empowerment and sustainable development committees.

Andries Jacobus Wilkens (56), Mine Managers Certificate of Competency, MDPA (Unisa), RMIIA. Mining engineer. Chief executive officer of the Company appointed on 26 October 2004.

Certificated 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 deposit it at the **registered office** of the Company, namely ARM House, 29 Impala Road, Chislehurston, Sandton, South Africa, (PO Box 786136, Sandton, 2146) or the **transfer secretaries**, Computershare Investor Services 2004 (Proprietary) Limited, 7th Floor, 70 Marshall Street, Johannesburg 2001, South Africa (PO Box 61051, Marshalltown 2107, South Africa) or the **United Kingdom share registrars**, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, England BR3 4TU to be received by 11:00 on Tuesday, 18 January 2005.

NOTICE OF ANNUAL GENERAL MEETING

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

RH Phillips
Group company secretary

Sandton
8 December 2004

ADMINISTRATION

African Rainbow Minerals Limited
(formerly Anglovaal Mining Limited)
Incorporated in the Republic of South Africa
Registration number 1933/004580/06

Company secretary
RH Phillips

Registered office and company secretary's address
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Chislehurston
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2146

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2146

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E-mail ir.admin@arm.co.za

Website
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Auditors
Ernst & Young

Bankers
Absa Bank Limited
FirstRand Bank Limited
Nedbank Limited
The Standard Bank of South Africa Limited

Sponsors
Deutsche Securities SA (Proprietary) Limited

DESIGN Visual Ignition 1550