KUMBA RESOURCES

GROUP FINANCIAL RESULTS (AUDITED)

FOR THE YEAR ENDED 30 JUNE 2003

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www.kumbaresources.com

HARNESSING THE POWER OF THE EARTH

COMMENTS

Operating results

The group maintained strong production levels and sales volumes for the past year. Lower world commodity prices and the substantial strengthening of the Rand have, however, placed operating margins under pressure.

Revenue increased by 4% on the previous year mainly as a result of stronger coal prices, higher iron ore and heavy minerals export volumes and the consolidation of Ticor Limited, Australia from 1 April 2003.

Lower iron ore prices for nine months of the year (an average decrease of 4%), a depressed zinc price (US$ 775 per ton compared with US$ 791 year-on-year) and a significantly stronger currency, resulted in net operating profit declining by 28% on the comparative period. The lower net operating profit and a significant reduction in profit from the equity accounted investments in AST Limited and Ticor Limited, offset to some extent by a lower tax charge, resulted in attributable profit declining by 26% to R718 million and headline earnings by 29% to R784 million (264 cents per share).

Rand strength

An average exchange rate of R9,01 to the US dollar was realised on export proceeds compared with R10,18 for the previous year. In addition the valuation of US dollar denominated debtors and derivative instruments at a spot exchange rate of R7,43 on 30 June 2003 resulted in an unrealised currency translation loss of R73 million, compared with an unrealised translation gain of R9 million at a spot exchange rate of R10,37 which prevailed on 30 June 2002.

Cash flow

The lower net operating profit, capital expenditure of R1 386 million and payment of dividends of R286 million and tax of R310 million, resulted in a net cash outflow of R604 million for the past year, which after consolidating the cash resources of Ticor Limited decreased to R238 million. Net debt of the group increased by R1 231 million to R2 374 million at the end of the year as a result of the net cash outflow and the consolidation of the net debt of subsidiaries in which a controlling interest was acquired in the period under review. The net debt to equity ratio was 39% compared with 22% at the end of the comparative year.

Segment results

	Quarter ended 30 June 2003 Rm	2002 Rm	Year ended 30 June 2003 Rm	2002 Rm
REVENUE				
Iron ore	**993**	1 299	**4 234**	4 340
Coal	**415**	392	**1 638**	1 489
Base metals	**237**	279	**892**	941
Heavy minerals	**368**	111	**587**	227
– Ticor SA	**93**	111	**312**	227
– Ticor Limited*	**275**		**275**	
Industrial minerals	**21**	16	**78**	57
Other	**17**	37	**40**	128
Total	**2 051**	2 134	**7 469**	7 182
NET OPERATING PROFIT				
Iron ore	**187**	341	**882**	1 221
Coal	**72**	61	**279**	255
Base metals	**(17)**	36	**15**	102
Heavy minerals	**48**	29	**59**	54
– Ticor SA	**13**	29	**24**	54
– Ticor Limited*	**35**		**35**	
Industrial minerals	**6**	5	**21**	15
Other	**(22)**	7	**(44)**	36
Total	**274**	479	**1 212**	1 683

* *Equity accounted until 31 March 2003.*

Operations

Iron Ore

Record production, railage and shipment levels were achieved for the past year, with export sales volumes more than 1 million tonnes higher than the previous year. These were recorded despite inclement weather conditions affecting production and shipments in the second and third quarters of the year.

Revenue decreased marginally as higher sales volumes and an average increase of 9% in iron ore prices from 1 April 2003 were more than offset by the stronger realised exchange rate and lower iron ore prices for the first nine months of the year. Net operating profit was 28% lower than the comparative period as a consequence of an unrealised currency translation loss of R39 million, higher production volumes and increased stripping of overburden, insurance premiums and environmental provisions.

Coal

Despite a major generator failure at the Matimba power station which affected sales from the Grootegeluk mine, production levels were only marginally lower while sales volumes were maintained.

Higher sales prices accounted for an increase of 10% in revenue compared with the previous year while stringent cost control resulted in net operating profit improving by 9%, despite the increased cost of maintenance programmes and higher insurance premiums in the year.

Base Metals

The mining and refinery operations both achieved record production and sales volumes for the past year, with higher grades at Rosh Pinah mine and improved maintenance and successful de-bottlenecking programmes at Zincor.

Despite these operational achievements, the stronger currency and a further reduction in the already depressed zinc prices of the previous year, together with substantially lower globally-benchmarked zinc concentrate treatment charges paid to refineries, resulted in a loss of R17 million for the last quarter. A net operating profit of R15 million was achieved for the year compared with R102 million the previous year.

Heavy Minerals

The group's heavy minerals operation consists of a 60% interest in the Ticor SA project and a 51,38% interest in Ticor Limited, Australia which owns the remaining 40% of the Ticor SA project.

Ticor SA Project

Following the successful commissioning of the Hillendale mine and mineral separation plant in the 2002 financial year, production of ilmenite, zircon and rutile increased substantially in the past year. Zircon and rutile were fully sold while market conditions for ilmenite remained unfavourable. Crude ilmenite is largely stockpiled for smelting and processing into titanium slag and pig iron.

The first furnace of the Empangeni smelter is ramping-up on schedule and construction of the second furnace is more than 90% complete. A first shipment of titanium slag is planned towards the end of the first quarter of the current financial year. Sales will increase as the smelter and slag treatment plant ramp-up to stable production levels.

Higher production and sales tonnages resulted in a contribution of R312 million to revenue compared with R227 million for the comparative year. Net operating profit declined by R30 million to R24 million as a consequence of the stronger currency and a higher depreciation charge.

Ticor Limited

Kumba's share of attributable profit from its investment in Ticor Limited, before tax, was R57 million for the nine months which ended on 31 March 2003 and R72 million for the full previous financial year. The segment results reflect the effect of the consolidation of Ticor Limited on the group's operating results.

Industrial Minerals

The business continued to benefit from favourable market conditions in the steel and construction sectors, resulting in a significant improvement in revenue and net operating profit.

Growth opportunities

Iron Ore

Completion of a bankable study to confirm the technical and economic viability of the Sishen South project, together with environmental and social impact assessments, is targeted for December 2003.

Alternative expansion models involving the iron ore assets in the Northern Cape are the subject of continuing discussions amongst all stakeholders and have resulted in the signing of a heads of agreement between Kumba and Assmang Limited.

The conversion to bankable status of the technical feasibility study into the Hope Downs project in Western Australia, including provision for the construction of new rail infrastructure and a terminal at Port Hedland, at an estimated total project capital cost of AUD 1 600 million (R7 929 million) and a production capacity of 25 million tonnes per year, is continuing. An information memorandum to potential equity investors is being finalised while efforts to reach mutually beneficial rail-access agreements continue with existing infrastructure owners as an alternative to project-owned infrastructure.

Coal

The commencement of the joint development of the Kalbasfontein project by Kumba Coal and Eyesizwe Coal, for the production of one million tonnes per year of high-grade export coal, is awaiting the approval of the port authorities for the expansion of the Richards Bay Coal Terminal to accommodate participants in the South Dunes Coal Terminal consortium.

Base metals

The expansion of the Hongye zinc refinery in China to double its capacity to 50 000 tonnes per year is progressing on schedule. Kumba's 60% participation in the project, which includes overall management of the refinery, limits its exposure to Chinese Yuan 140 million (R125 million) with a direct investment of Yuan 92 million (R82 million).

Mining legislation

In order to reach early readiness for the conversion of its current mining rights into new order mining licences as required by the Mineral and Petroleum Resources Development Act, the group has developed an empowerment framework. Its focus is on sustainable broad-based ownership in a manner that advances the growth strategies of the group while maximising skills development and participation in management by historically disadvantaged South Africans (HDSA).

Conflicting objectives at shareholder level have complicated meaningful progress. However it is expected that the impending ruling by the Competition Tribunal will be conducive to an acceleration of the group's empowerment initiatives. Good progress has been made with procurement strategies and 15% of the group's discretionary requirements is targeted to be sourced from HDSA groups in the current financial year.

Kumba seeks a royalty regime that is in the best interests of South Africa and does not negatively affect development and expansion projects in the mining industry. In line with the industry, the group has a strong preference for a profit-based royalty as opposed to a revenue-based royalty and has made submissions to the National Treasury in this regard.

Outlook

The group expects to maintain its good operational performance in the current financial year. Despite this and higher iron ore prices, depressed market conditions for zinc, ilmenite and titanium slag and a continued strong Rand, are likely to affect earnings adversely.

In order to mitigate the effect of these negative factors and as part of its ongoing cost focus, the group has specific initiatives to achieve cost reductions of not less than two per cent in real terms across its operations. Capital expenditure programmes are also being carefully reviewed.

Dividend

The effect of the challenging market conditions on the group's operating results and cash flow has necessitated a review of the level of the maiden dividend of 85 cents per share which was paid last year based on the group's exceptional results in a weak currency environment in the 2002 financial year.

The Board of Directors has accordingly resolved to declare dividend number 2 of 60 cents per share in South African currency in respect of the financial year ended 30 June 2003.

The dividend will be paid on Monday, 29 September 2003 to shareholders recorded in the register of the company at the close of business on Friday, 26 September 2003. The last day to trade cum dividend is Thursday, 18 September 2003. The shares will commence trading ex dividend on Friday, 19 September 2003 and the record date is Friday, 26 September 2003.

No shares may be dematerialised or re-materialised between Friday, 19 September 2003 and Friday, 26 September 2003, both days inclusive.

On behalf of the board.

MLD Marole	Dr CJ Fauconnier	DJ van Staden
(Chairman)	*(Chief Executive)*	*(Executive Director, Finance)*

19 August 2003

GROUP INCOME STATEMENT

	Year ended 30 June 2003 Audited Rm	2002 Audited Rm
REVENUE	**7 469**	7 182
Operating expenses	**(6 257)**	(5 499)
NET OPERATING PROFIT	**1 212**	1 683
Net financing costs (Note 3)	**(244)**	(242)
Net profit from equity accounted investments before taxation	**2**	83
Impairment charges (Note 2)	**(2)**	(101)
Goodwill amortisation	**(21)**	26
PROFIT BEFORE TAXATION (NOTE 3)	**947**	1 449
Taxation	**(229)**	(465)
PROFIT FROM ORDINARY ACTIVITIES	**718**	984
Minority interest		(8)
NET PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS	**718**	976
RECONCILIATION OF HEADLINE EARNINGS		
Net profit attributable to ordinary shareholders	**718**	976
Adjusted for:		
– impairment charges	**2**	101
– share of associates goodwill amortisation	**38**	40
– goodwill amortisation	**21**	(26)
– share of associates exceptional items	**7**	12
– net deficit on disposal or scrapping of property, plant and equipment	**(3)**	4
– taxation effect of adjustments	**1**	(9)
HEADLINE EARNINGS	**784**	1 098
Ordinary shares (million)		
– in issue	**297**	297
– weighted average number of shares	**297**	285
– diluted weighted average number of shares	**299**	292
Attributable earnings per share (cents)		
– basic	**241,8**	342,5
– diluted	**240,1**	334,2
Headline earnings per share (cents)		
– basic	**264,0**	385,3
– diluted	**262,2**	376,0
Dividend paid per share (cents)	**85,0**	

GROUP BALANCE SHEET

	Year ended 30 June 2003 Audited Rm	2002 Audited Rm
ASSETS		
Non-current assets		
Property, plant and equipment	**8 205**	5 710
Intangible asset	**98**	
Goodwill	**(80)**	23
Investments in associates and joint ventures (Note 4)		
– listed	**100**	1 152
– unlisted	**18**	32
Deferred taxation	**485**	423
Other financial assets	**272**	212
	9 098	7 552
Current assets		
Inventories	**1 369**	955
Trade and other receivables	**1 355**	1 022
Cash and cash equivalents	**964**	679
Total assets	**12 786**	10 208
EQUITY AND LIABILITIES		
Capital and reserves		
Ordinary shareholders' funds	**4 921**	4 816
Minority interest	**1 191**	487
Total shareholders' funds	**6 112**	5 303
Non-current liabilities		
Interest-bearing borrowings	**2 801**	882
Other long-term payables	**388**	178
Non-current provisions	**501**	389
Deferred taxation	**1 384**	1 204
	11 186	7 956
Current liabilities		
Trade and other payables	**941**	1 050
Interest-bearing borrowings	**537**	940
Taxation	**94**	223
Current provisions	**28**	39
Total equity and liabilities	**12 786**	10 208
Net debt (Note 5)	**2 374**	1 143
Net asset value per share (cents)	**1 657**	1 622
Capital expenditure		
– incurred	**1 386**	1 085
– contracted	**345**	625
– authorised but not contracted	**624**	588
Contingent liabilities	**50**	92
Operating lease commitment	**237**	217
Operating sublease rentals receivable	**38**	27

GROUP CASH FLOW

	Year ended 30 June 2003 Audited Rm	2002 Audited Rm
Cash flow from operating activities	**1 616**	2 560
– net financing costs	**(240)**	(236)
– taxation paid	**(310)**	(149)
– dividends paid (Note 6)	**(286)**	
Cash used in investing activities		
– capital expenditure heavy minerals	**(923)**	(631)
– other capital expenditure	**(463)**	(454)
– proceeds from disposal of property, plant and equipment	**44**	25
– increase in cash resources on acquisition of a controlling interest in subsidiaries (Note 7)	**366**	
– acquisition of joint ventures and associates	**(34)**	
– other	**(8)**	(50)
Cash flows from issuance of shares		393
Unbundling expenses paid		(44)
Net cash (outflow)/inflow	**(238)**	1 414
Calculation of movement in net debt:		
– cash flows included above relating to non-interest bearing debt	**2**	
– loans from minority shareholders	**95**	
– increase in net debt on acquisition of controlling interest in subsidiaries (Note 7)	**(891)**	
– non-cash flow movements in net debt of the group arising from currency translation differences	**(199)**	(16)
(Increase)/decrease in net debt	**(1 231)**	1 398

GROUP STATEMENT OF CHANGES IN EQUITY

	Year ended 30 June 2003 Audited Rm	2002 Audited Rm
Shareholders' funds on unbundling from Iscor		1 400
Shareholders' funds at beginning of year	**4 816**	
Changes in share capital and premium		
– issue of shares		3
– share premium		2 721
– unbundling costs		(44)
Changes in non-distributable reserves		
– currency translation differences	**(432)**	(187)
– financial instruments movements	**71**	(53)
– realised in associate and joint venture	**(76)**	
– transfer of equity accounted earnings	**(38)**	16
– transfer of insurance reserve	**3**	2
Changes in retained income		
– net profit for the year	**718**	976
– dividends paid	**(252)**	
– realised in associate and joint venture	**76**	
– transfer of equity accounted earnings	**38**	(16)
– transfer of insurance reserve	**(3)**	(2)
Shareholders' funds at end of year	**4 921**	4 816

NOTES TO THE GROUP FINANCIAL RESULTS

	Year ended 30 June 2003 Audited Rm	2002 Audited Rm
1. BASIS OF PREPARATION		
The group financial results have been prepared on the historical cost basis excluding financial instruments which are fair valued, and conform to South African Statements of Generally Accepted Accounting Practice and International Accounting Standards.		
2. IMPAIRMENT CHARGES		
– shipping assets		(80)
– other	**(2)**	(21)
	(2)	(101)
3. PROFIT BEFORE TAXATION IS ARRIVED AT AFTER		
Depreciation	**(532)**	(454)
Financing costs	**(321)**	(318)
Interest received	**77**	76
Dividends received	**49**	47
Net realised foreign exchange (losses)/gains on:		
– currency exchange differences	**(193)**	164
– revaluation of derivative instruments	**144**	(51)
Net unrealised foreign exchange (losses)/gains on:		
– currency exchange differences	**(92)**	5
– revaluation of derivative instruments	**19**	4
4. INVESTMENTS		
Listed investments		
– market value	**138**	1 340
Unlisted investments		
– directors' valuation	**108**	60
5. NET DEBT		
Net debt is calculated as being interest-bearing borrowings less cash and cash equivalents. The impact of the increase in net debt on earnings per share was approximately 19 cents.		
6. DIVIDENDS PAID		
– Kumba	**252**	
– Ticor Limited to minorities	**34**	
	286	

	Ticor Ltd Rm	Magnetic Minerals Ltd* Rm	ZNergy (Pty) Ltd** Rm	Total Rm
7. ACQUISITION OF A CONTROLLING INTEREST IN SUBSIDIARIES				
The assets and liabilities arising from the acquisition are as follows:				
– cash and cash equivalents	370	4		374
– property, plant and equipment	1 442	113	9	1 564
– financial assets	9			9
– investments	823			823
– intangible assets	87	2	12	101
– inventories	254			254
– trade and other receivables	480			480
– trade and other payables	(238)	(12)	(6)	(256)
– interest-bearing borrowings	(876)		(15)	(891)
– non-current provisions	(59)			(59)
– current provisions	(7)			(7)
– deferred taxation	(49)			(49)
Fair value of net assets	2 236	107		2 343
Negative goodwill	(204)			(204)
Minority interest	(1 085)			(1 085)
Total purchase consideration	947	107		1 054
– *Less:* cash and cash equivalents in subsidiaries acquired	(370)	(4)		(374)
– value of shares held before consolidation	(943)	(103)		(1 046)
Cash (inflow) on acquisition of controlling interest	(366)			(366)

* *Subsidiary of Ticor Limited – acquisition and exploration of minerals tenements prospectives.*

** *Subsidiary of Kumba Base Metals (Pty) Ltd – producer of zinc-air fuel cells.*

8. RELATED PARTY TRANSACTIONS

During the year the company and its subsidiaries, in the ordinary course of business, entered into various sale and purchase transactions with associates and joint ventures. These transactions were subject to terms that are no less favourable than those arranged with third parties.

9. JSE SECURITIES EXCHANGE REQUIREMENTS

The announcement has been prepared in accordance with the listings requirements of the JSE Securities Exchange South Africa.

10. CORPORATE GOVERNANCE

The group complies with the Code of Corporate Practice and Conduct published in the King Report on Corporate Governance.

11. AUDIT OPINION

The auditors, KPMG Inc, have issued their opinion on the group's annual financial statements, for the year ended 30 June 2003. The audit was conducted in accordance with South African Auditing Standards. An unqualified audit opinion has been issued which is available for inspection at the company's registered office. These summarised annual financial statements have been derived from the group annual financial statements and are consistent in all material respects, with the group annual financial statements.

UNAUDITED PHYSICAL INFORMATION ('000 TONNES)

	Quarter ended 30 June 2003	2002	Year ended 30 June 2003	2002
IRON ORE				
Production	**7 774**	7 079	**28 557**	28 324
Sales				
– Exports	**5 463**	5 464	**20 946**	19 916
– Domestic	**2 229**	1 778	**8 770**	8 186
Total	**7 692**	7 242	**29 716**	28 102
COAL				
Production				
– Power station	**3 428**	3 524	**13 036**	13 351
– Coking	**536**	446	**2 207**	2 074
– Other	**762**	650	**2 769**	2 825
Total	**4 726**	4 620	**18 012**	18 250
Sales				
– Eskom	**3 641**	3 571	**13 051**	13 198
– Other domestic	**977**	816	**3 821**	3 693
– Export	**226**	287	**1 128**	1 172
Total	**4 844**	4 674	**18 000**	18 063
BASE METALS				
Production				
– Zinc concentrate	**28**	19	**91**	75
– Zinc metal	**30**	24	**115**	105
– Lead concentrate	**6**	8	**22**	28
Zinc metal sales				
– Domestic	**23**	25	**92**	94
– Export	**11**	3	**20**	14
Total	**34**	28	**112**	108
Lead concentrate sales				
– Domestic	**12**	13	**30**	25
HEAVY MINERALS				
Production – Ticor SA project				
– Ilmenite	**29**	5	**91**	44
– Zircon	**13**	13	**53**	45
– Rutile	**5**	6	**20**	19
– Pig iron	**3**		**3**	
Sales	**41**	42	**129**	81
Production – Ticor Limited(1)				
– Ilmenite	**103**	109	**428**	445
– Zircon	**19**	20	**80**	77
– Rutile	**9**	9	**36**	29
– Leucoxene	**6**	6	**26**	18
– Synthetic rutile	**45**	42	**179**	178
– Pigment	**23**	24	**94**	91

(1) Ticor Limited consolidated from 1 April 2003 and the full production tonnes of the Tiwest joint venture in which Ticor has a 50% interest, are included in the quarter ended 30 June 2003. Physical information for the other periods is provided for comparative purposes only.

KUMBA RESOURCES LIMITED

REGISTRATION NUMBER	2000/011076/06
SHARE CODE	KMB
ISIN CODE	ZAE000034310
ADR CODE	KBREY
REGISTERED OFFICE	Kumba Resources Limited, Roger Dyason Road, Pretoria West, Pretoria, 0002
TRANSFER SECRETARIES	Computershare Investor Services Limited, 70 Marshall Street, Johannesburg, 2001 PO Box 61051, Marshalltown, 2107
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DIRECTORS	MLD Marole (Chairman), Dr CJ Fauconnier* (Chief Executive), TL de Beer, JJ Geldenhuys, GS Gouws, MJ Kilbride*, Dr D Konar, CF Meintjes*, AJ Morgan, SA Nkosi, CML Savage, Prof NS Segal, F Titi, DJ van Staden*, RG Wadley* **Executive*
COMPANY SECRETARY	MS Viljoen
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JPMorgan

The audited annual financial statements for the financial year ended 30 June 2003, is available at Kumba Resources' world wide web site at: http://www.kumbaresources.com

If you have any queries regarding Kumba Resources or your Kumba Resources shares, please call the Kumba Sharecare Line toll free on 0800 006 709 or +27 11 775 3430 if calling from outside South Africa.

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