

Annual financial statements contents

40	Directors' approval	125	Company statement of changes in shareholders' equity
	Secretary's certificate		
41	Report of the independent auditors	126	Notes to the company financial statements
42	Corporate governance	141	US GAAP condensed consolidated financial statements
62	Remuneration report	141	Introduction
67	Directors' report	142	Condensed consolidated income statement
76	Group income statement	143	Condensed consolidated balance sheet
78	Group balance sheet	144	Condensed consolidated cash flow statement
79	Group cash flow statement		
80	Group statement of changes in shareholders' equity	145	Condensed reconciliation between IFRS and US GAAP
82	Notes to the group financial statements	148	Investment in principal subsidiaries and joint venture interests
122	Company financial statements	149	Glossary of terms
122	Company income statement	152	Shareholders' information
123	Company balance sheet	156	Directorate and administration
124	Company cash flow statement		Inside Back Cover – Contact information

Directors' approval

The annual financial statements and group annual financial statements for the year ended 31 December 2003 were approved by the board of directors on 11 March 2004 and are signed on its behalf by:

Directors

R P Edey, Chairman

R M Godsell, Chief Executive Officer

J G Best, Executive Director: Finance

C B Brayshaw, Chairman, Audit and Corporate Governance Committee

Managing secretary

Ms Y Z Simelane

Secretary's certificate

In terms of Section 268G(d) of the Companies Act, 1973, I certify that the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Act, and that all such returns are true, correct and up to date.

Ms Y Z Simelane

Managing Secretary

Johannesburg
11 March 2004

Report of the independent auditors on the annual financial statements

We have audited the annual financial statements and group annual financial statements of AngloGold Limited set out on pages 42 to 140 and page 148 for the year ended 31 December 2003. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual financial statements are free of material misstatement.

An audit includes

- examining, on a test basis, evidence supporting the amounts and disclosures in the annual 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 annual financial statements and group annual financial statements fairly present, in all material respects, the financial position of the company and the group at 31 December 2003, and the results of 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

Registered Accountants and Auditors
Chartered Accountants (SA)

Johannesburg
11 March 2004

Corporate governance

AngloGold is committed to the principles and practice of good corporate governance. The King Report on Corporate Governance (2002) (the King Report) and the US Sarbanes-Oxley Act have significantly altered the corporate governance landscape. Except where otherwise stated, AngloGold's practices and policies remain in compliance with the values enshrined in the King Report and the directors have complied with the King Report requirements for the entire year under review. The management continues to address particular areas where the company's governance position needs to be aligned to the recommendations contained in this Report.

AngloGold's shares are traded on the New York Stock Exchange (NYSE) in the form of ADSs that are administered by The Bank of New York by means of an American Depositary Receipt programme. Many of the applicable provisions of the Sarbanes-Oxley Act have yet to come into force and management continues to implement the requirements as they arise.

The company continues to pursue excellence in corporate governance practices and achieved the following during the year:

- AngloGold's Annual Report 2002 received a merit award at the distinguished South African Annual Report Award ceremony, sponsored by amongst others, the JSE Securities Exchange South Africa;
- AngloGold won the award for Best Investor Relations Website for 2003, and was the runner-up for the Best Overall Investor Relations Company Award, at the Investor Relations Magazine South Africa Conference & Awards 2003;
- introduced a Nominations Committee, which reports to the AngloGold Board;
- revised terms of reference for the Audit Committee, placing corporate governance within its ambit and renaming of the committee the Audit and Corporate Governance Committee;
- attained the highest rank in the Edward Nathan and Friedland (ENF) Sustainability Index 2002;
- appointed independent auditors PricewaterhouseCoopers to review the 2003 AngloGold Report to Society;
- adopted an AngloGold Code of Ethics;
- adopted a code of ethics for the chief executive

officer, principal financial officer and senior financial officers;

- provided the mechanisms for the confidential reporting of unethical and/or illegal conduct; and
- AngloGold, in the interests of transparency and accountability, was the first publicly listed company in South Africa to fully disclose its policy on party political donations. The policy is available from the company website.

The board is presently engaged in a process of determining the policy and procedures for appraising its effectiveness and that of each individual director. This process will be finalised during the course of 2004.

The board of directors

The company has a unitary board structure comprising four executive directors and 10 non-executive directors. Details of each of the directors are available on pages 37 and 38 of this report. The board meets at least on a quarterly basis to discuss and review issues of strategy, planning, operational and financial performance, acquisitions and disposals, major capital expenditure, stakeholder communications and other material issues reserved for its decision. Further meetings are held as and when required.

The board consists of a group of directors which together possesses the necessary knowledge, expertise and experience to contribute meaningfully to the deliberations of the board, and continue to be committed to principles of corporate discipline, accountability, transparency, independence, fairness and social responsibility.

The board charter detailing the composition, powers, authority, responsibilities and procedures of the board, selection criteria for directors, and incorporating key elements of ethical standards for directors, is publicly available from the company website. As required by the Sarbanes-Oxley Act the board has furthermore adopted a code of ethics for the chief executive officer, principal financial officer and senior financial officers. This code will be made available on the company website.

The Remuneration Committee is responsible for evaluating the performance of the chief executive officer and for determining all issues affecting executive remuneration.

The appointment of new directors is a matter for the board as a whole. In accordance with best practice, the

board's Nominations Committee, chaired by an independent non-executive chairman, has been appointed to assist the board in considering and selecting eligible members to the board.

An agenda, the minutes of the previous meeting and supporting documentation to assist directors in making informed decisions is provided to all board and board committee members prior to meetings being held. Furthermore, all directors have unrestricted access to, and may inspect, all documentation and property held by the company. The directors also have unrestricted access to the managing and company secretaries for advice and information.

Directors attend all board and committee meetings as far as practicable. Meetings are mainly held in the corporate offices in Johannesburg, and where feasible, video and telephone conferencing facilities are provided when directors cannot be present at the venue.

In addition to the four scheduled board meetings held during the year, five special meetings were held. Details of dates and attendance by the directors at the nine board meetings held in 2003 are provided below:

	30 January	24 March*	29 April	26 May*	01 June*	14 July*	30 July	29 September*	30 October
Directors									
R P Edey (Chairman)	✓	✓	✓	✓	✓	✓	✓	✓	✓
Dr T J Motlatsi (Deputy-Chairman)	✓	A	✓	✓	✓	✓	✓	✓	A
F B Arisman	✓	✓	✓	A	✓	✓	✓	✓	✓
Mrs E le R Bradley	✓	✓	✓	✓	✓	✓	✓	A	✓
C B Brayshaw	✓	✓	✓	A	✓	✓	✓	A	✓
A W Lea (Alternate: P G Whitcutt)	✓	✓	✓	A	✓	✓	✓	A	✓
W A Nairn (Alternate: A H Calver)	–	–	A	–	–	–	–	–	–
J Ogilvie Thompson (Alternate: D D Barber)	A	✓	✓	✓	✓	✓	✓	✓	✓
N F Oppenheimer	✓	–	–	–	–	–	–	–	–
A J Trahar	A	✓	✓	✓	✓	✓	✓	✓	✓
Executive Directors									
R M Godsell	✓	✓	✓	✓	✓	✓	✓	✓	✓
J G Best	✓	✓	✓	A	✓	✓	✓	✓	✓
D L Hodgson	✓	✓	✓	✓	✓	✓	✓	✓	✓
K H Williams	✓	✓	✓	✓	✓	A	✓	✓	✓

Key

- * = Special board meeting to discuss the proposed merger between AngloGold and Ashanti Goldfields Company Limited.
- ✓ = Attended meeting either personally or via conferencing facilities
- A = Absent from meeting, with apologies and leave having been granted
- = Not required for the meeting

A special board sub-committee met on 20 March 2003 to approve the company's 2002 20-F filing to the US Securities and Exchange Commission.

A special board sub-committee met on 8 May 2003 to discuss the proposed merger with Ashanti.

The directors

The executive directors are appointed by the board to oversee the day-to-day running of the company through effective supervision of management. Executive directors are held accountable by regular reporting to the board, and their performance is measured against pre-determined criteria as well as the performance of their respective business units. The performances of the executive directors are considered relative to the prevailing business climate. Bonuses paid to executive directors are a reflection of the performance of each of the directors and the company as a whole. Executive directors have elected to receive no remuneration as directors of the company.

Only executive directors have contracts of employment with the company. There are no contracts of service between the directors and the company, or any of its subsidiaries, that are terminable at periods of notice exceeding one year and requiring the payment of compensation. All directors are subject to retirement by rotation and re-election by shareholders at least once every three years. In addition, all directors are subject to re-election by shareholders at the first annual general meeting following their appointment, and sufficient biographical detail is supplied to shareholders for informed decisions to be made on the re-election of directors.

Non-executive directors provide the board with invaluable and balanced advice and experience that is independent of management and the executive. Crucially, non-executive directors play an integral part in company activities not just through their membership of the board, but also through their representation on all board committees where their individual knowledge and experience contributes to the

Corporate governance (continued)

deliberations of the committees. In addition to executive directors supervising management, management is held accountable to the board committees, as non-executive directors are able to have strategic oversight of management decisions and actions, and to advise on strategy and planning.

Five of the non-executive directors, including the chairman and deputy chairman, are independent as defined in the JSE Securities Exchange Listings Requirements. The board is of the view that the number and calibre of the independent directors serving on it, and their representation on board committees, ensures the company's interests receive impartial views that are separate of management and shareholders. The five independent directors are: Messrs F B Arisman, C B Brayshaw and R P Edey, Dr T J Motlatsi and Mrs E le R Bradley.

The board has approved a fit and proper policy for directors and company secretaries. This policy will be applied to all new appointments of board members and company secretaries.

The roles of chief executive officer and chairman have been separate since 2002 when Russell Edey was appointed board chair and Bobby Godsell retained the chief executive's position.

The fees of non-executive directors are fixed by shareholders at the annual general meeting, and other than the fees they receive for their participation on board committees and an allowance for travelling internationally to attend board meetings, non-executive directors receive no further payments from the company.

A managing secretary and company secretary advise the board on compliance with procedural and regulatory aspects of a legal nature, and are active in guiding the board on all corporate governance issues.

Policies and procedures are in place to allow directors to seek independent professional advice at the company's expense. This enables the directors and board committees to act independently of management where this is deemed necessary.

Board committees

The company's activities span a wide range of disciplines and activities. Board committees have been established to oversee the development of strategy, ensure its implementation and to report to the board on important issues facing the company. The committees play a vital role in enhancing the effectiveness of the board and

assist the board in discharging its duties and responsibilities. The committees comprise members of the board, are chaired (in the main) by a non-executive director, and meet a number of times each year. Each committee fulfils a specific mandate entrusted to it by the board and has written terms of reference governing its particular sphere of activity, membership requirements and reporting procedures, together with details of its powers, rights and obligations. Members of each committee are chosen having regard to each member's knowledge, experience and ability to provide a meaningful contribution to the committee's particular mandate. Management, who attend the meetings by invitation, report to the committees on their activities, and important issues requiring a decision are raised with the members of the committees. An agenda, supporting documentation and full justification for decisions required are provided prior to each committee meeting. Minutes of each committee meeting are circulated to members and the board. The chairman of each committee prepares reports for each board meeting detailing the committee's activities for the preceding period and, where necessary, attends the annual general meeting to answer any questions raised by shareholders.

The remuneration of board committee members is determined by the board. At present, the chairman of a board committee receives R50,000 per annum, and members receive R30,000 each per annum. Executive directors receive no remuneration for membership of board committees.

A description of each board committee is provided below.

Executive Committee

Members: R M Godsell (Chairman), J G Best, D L Hodgson, and K H Williams

The Executive Committee comprises the four executive directors, and is chaired by the chief executive officer. The committee meets on a weekly basis with a mandate to review operational activities and the performance of the group, develop strategy and policy proposals for consideration by the board, and implement board directives.

The Operations Committee has been established as a sub-committee of the Executive Committee to assist in the execution of certain of its duties and responsibilities. The Operations Committee is chaired by the chief operating officer, meets on a regular basis, and comprises the executive officers in charge of each of the

operational regions, together with the executive officers for human resources, corporate affairs, business planning, and designated senior managers appointed by the Executive Committee. The purpose of the sub-committee is to oversee and monitor the performance of the operational activities, implement the strategic objectives of the company, and to report to the Executive Committee on important areas of concern.

Audit and Corporate Governance Committee

Members: C B Brayshaw (Chairman), F B Arisman
Mrs E le R Bradley and R P Edey

In accordance with best practice the terms of reference for this committee were amended during the year to incorporate the corporate governance discipline within the committee's mandate. The committee comprises only independent non-executive directors and its mandate covers the sphere of duties relating to accounting policies, internal control, financial reporting practices, identification of exposure to significant risks and all corporate governance issues. The committee meets at least five times a year.

On 30 July 2003, Peter Whitcutt, who had been a member of this committee, resigned, and Frank Arisman was appointed in his stead.

The board has determined that the board chairman possesses skills and experience necessary to contribute meaningfully to the committee's deliberations as a member rather than an invitee. The board also considers it unnecessary for the chief executive to be a member of the committee and that he should rather attend meetings by invitation only.

To assist the committee in discharging its responsibilities, internal audits are performed at all of the operating units of the company under the auspices and direction of the group internal audit manager. Teams of suitable, qualified and experienced employees perform the internal audits. The committee has approved an Internal Audit Charter that governs the activities, powers and duties of the internal audit function, and this charter is reviewed annually. The primary mandate of the group's internal auditors is to provide an independent, objective assurance and consulting activity designed to add value and improve the organisation's operations. This is done by a systematic, disciplined approach to review, evaluate and improve the effectiveness of risk management, internal control and governance processes. This process would bring material deficiencies, instances of non-compliance, high-

risk exposure and development needs to the attention of the group internal audit manager and operational management for resolution. The board has obtained assurance from management, the internal auditors and the external auditors, that there have been no significant breakdowns in internal control systems during the year.

The committee is responsible for the appointment and removal of the group internal audit manager. This committee and the executive committee consider it unnecessary for the group internal audit manager to report administratively to the chief executive officer, and has determined that she report administratively to the finance director and functionally to the committee. The internal audit manager has unrestricted access to the chief executive, the board chairman and the chairman of the committee, and is invited to attend and report on her department's activities at all committee meetings. The board is confident that the unfettered access of the group internal audit manager to key board members and the direct and regular reporting to the committee, together with her calibre and integrity, enables her to discharge her duties as required by law and in fulfilment of her obligations to the company.

The committee has access to all records of the internal audit team. The group's external audit partner has unrestricted access to the chairman of the committee and, where necessary, to the chairman of the board and chief executive officer. Important findings arising from audit procedures are brought to the attention of the committee and reported to the board.

The committee is responsible for the appointment, removal and oversight of the activities of the external auditors. In addition, the committee set the principles for recommending the use of the external auditors for non-audit services. The committee approves all external consulting services and other charges levied by the external auditors.

The committee met five times during 2003, with the external audit partner, the group's internal audit manager and the corporate accounting manager, to review the audit plans of the internal and external auditors, to ascertain the extent to which the scope of the audit can be relied upon to detect weaknesses in internal controls and to review the quarterly and half-yearly financial results, the preliminary announcement of the annual results and the annual financial statements, as well as all statutory submissions of a financial nature, prior to approval by the board.

Corporate governance (continued)

All committee members attended these meetings personally, or were included in the proceedings through teleconferencing facilities, except as indicated below:

Date of meeting	Apologies tendered
24 January 2003	–
20 February 2003	Mrs E le R Bradley
25 April 2003	–
25 July 2003	–
24 October 2003	Mrs E le R Bradley

A sub-committee met on 20 March 2003 to review the company's annual report on Form 20-F prior to approval by the board and subsequent submission to the SEC.

Employment Equity and Development Committee

Members: Dr T J Motlatsi (Chairman), F B Arisman, R M Godsell, D L Hodgson and W A Nairn

The committee met on four occasions during the year, chaired by the board deputy chairman. It comprises three non-executive directors, as well as the chief executive and chief operating officers. The purpose of the committee is to facilitate the development of opportunities in the company for all employees and to encourage employees to achieve their optimal levels of career development in the company, with due recognition being given to the diversity of the society in which the company operates.

All members attended the meetings, either personally or through the provision of teleconferencing facilities, except where specifically mentioned below:

Date of meeting	Apologies tendered
24 January 2003	–
16 April 2003	–
29 July 2003	W A Nairn
22 October 2003	R M Godsell

Investment Committee

Members: R P Edey (Chairman), J G Best, Mrs E le R Bradley, A W Lea, W A Nairn and K H Williams

Chaired by a non-executive director, the committee is composed of four non-executive directors, as well as the executive directors for finance and marketing, and meets as and when required. The mandate of the committee is to assess and evaluate capital projects, and ensure that investments, disinvestments and financing proposals are in accordance with the company's primary objective of

creating wealth for its shareholders on a sustainable long-term basis.

Four meetings were held during 2003. All members attended the meetings, either personally or through the provision of teleconferencing facilities, except where specifically mentioned below:

Date of meeting	Apologies tendered
27 January 2003	–
22 April 2003	Mrs E le R Bradley
29 July 2003	W A Nairn
23 October 2003	Mrs E le R Bradley

Market Development Committee

Members: Mrs E le R Bradley (Chairman), F B Arisman, R M Godsell, Dr T J Motlatsi and K H Williams

AngloGold is committed both to the production of gold and the development of the market for gold itself. To this end this committee has been established to extend the influence of AngloGold as a major global gold company, in the development of a broader gold business, both nationally and internationally. Victor Fung, who had been a member of this committee, did not stand for re-election to the board and accordingly, ceased to be a member of the board after 30 April 2003. The committee, which met twice during the year, is composed of three non-executive directors, the chief executive officer and the executive director for marketing. All members attended the meetings, either personally or through the provision of teleconferencing facilities, except where specifically mentioned below:

Date of meeting	Apologies tendered
29 January 2003	Dr V K Fung
29 July 2003	Dr T J Motlatsi

Nominations Committee

Members: R P Edey (Chairman), F B Arisman, Mrs E le R Bradley, C B Brayshaw, Dr T J Motlatsi and A J Trahar

The committee was established during the year and has yet to meet. It is chaired by the board chairman, and is composed solely of non-executive directors, the majority of whom are independent directors as defined in the JSE Listings Requirements. The mandate of the committee is to assist the board in determining the criteria for new appointments to the board, to select and advise the board on eligible candidates, and to put in place succession plans particularly for the chairman of the board and the chief executive officer.

Remuneration Committee

Members: R P Edey (Chairman), C B Brayshaw, N F Oppenheimer, J Ogilvie Thompson and A J Trahar

The Remuneration Committee, which comprises exclusively non-executive directors, is primarily responsible for approving the remuneration policies of the company. Further details of this committee are available in the Remuneration Report. Colin Brayshaw was appointed as a member of the committee on 30 July 2003.

The committee meets as and when required, with a minimum of one meeting per annum. Three meetings of the committee were held during 2003. All members attended the meetings, either personally or through the provision of teleconferencing facilities.

Date of meeting	Apologies tendered
27 January 2003	–
29 April 2003	–
30 July 2003	–

Safety, Health and Sustainable Development Committee

Members: W A Nairn (Chairman), R M Godsell and Dr T J Motlatsi

The committee's brief is to evaluate the social, economic, environmental and health impacts of the company's operations on both local and global communities. One of the primary objectives of this committee is the elimination of all work-related accidents. The committee conducts on-site inspections in regard to matters of serious concern.

The committee, which comprises two non-executive directors and the chief executive officer, met on four occasions during 2003. All members attended the meetings, either personally or through the provision of teleconferencing facilities, except where specifically mentioned below:

Date of meeting	Apologies tendered
24 January 2003	–
16 April 2003	–
25 July 2003	R M Godsell
22 October 2003	R M Godsell

Other committees

In addition to the board committees, other committees have been established to oversee the effective day-to-day management of the company. These committees meet on a regular basis and are detailed below:

The Treasury Committee meets on a monthly basis and is chaired by a non-executive director, and comprises key officers in the finance and marketing disciplines. The committee is tasked with discussing and valuating market conditions, treasury operations and future hedging strategies. The members of this committee are:

CB Brayshaw (<i>Chairman</i>)	– Non-executive Director
J G Best	– Executive Director, <i>Finance</i>
S Cassim	– East and West Africa Region, <i>Financial Manager</i>
R N Duffy	– Executive Officer, <i>Business Planning</i>
Ms D Earp	– Manager, <i>Corporate Accounting</i>
R P H Hayes	– Manager, <i>Treasury</i>
Ms H H Hickey	– Manager, <i>Group Internal Audit</i>
Ms C A Hoad	– Manager, <i>Risk</i>
M P Lynam	– Treasurer
K H Williams	– Executive Director, <i>Marketing</i>

The Finance Committee, chaired by the executive director for finance, meets on a regular basis, and comprises key officers in the finance, marketing and legal disciplines. The committee has responsibility for strategy and monitoring of all financial and administrative aspects of the company.

The committee's membership is as follows:

J G Best (Chairman)	– Executive director, <i>Finance</i>
S Barua	– Legal compliance Manager
R C Croll	– Manager, mining valuations
PJ G Dennison	– Manager, mergers and acquisitions
R N Duffy	– Executive officer, <i>Business planning</i>
Ms D Earp	– Manager, <i>Corporate accounting</i>
Ms H H Hickey	– Manager, <i>Group internal audit</i>
S J Lenahan	– Executive officer, <i>Corporate affairs</i>
M P Lynam	– Treasurer
O C Murphy	– Manager, <i>Corporate taxation</i>
Ms Y Z Simelane	– Managing secretary

Corporate governance (continued)

Company secretarial function

The company secretarial function consists of both a managing secretary and a company secretary. The managing secretary bears overall responsibility for the company secretarial function. Appointment and removal of the managing secretary and company secretary are matters for the board.

The managing secretary and company secretary advise the directors, both collectively and individually, on compliance with procedural and regulatory aspects of a legal nature, ensuring awareness of applicable laws and regulations, guiding the board on all corporate governance and ethical issues, as well as advising the directors on their rights, duties and powers. The in-house legal department reports to the managing secretary and assists the company secretarial function should any questions or issues arise. In addition, the company secretarial function has access to a legal counsel who reports to the managing secretary on all compliance and corporate governance issues affecting the company. The company secretarial function also plays a crucial role in the induction of new directors.

Policies and procedures affecting directors and the board as a whole are developed by the company secretarial function in consultation with the Executive Committee, prior to submission and approval by the board. During the year, policies and procedures were developed for directors and the board including directors' rights to seek independent professional advice, the induction of new directors, and the development of fit and proper standards for the appointment of directors. Terms of reference of the various board committees are either developed by, or in consultation with, the company secretarial function, prior to submission to the board for formal approval.

Together with the investor relations department, the company secretarial function also provides a direct communications link with investors, and liaises with the company's share registrars on all issues affecting shareholders. The company secretarial function, in consultation with other departments, also provides mandatory information required by various regulatory bodies and stock exchanges on which the company is listed.

The managing secretary and company secretary are also responsible for compliance with all the statutory requirements in regard to the administration of the Share Incentive Scheme. Directors and officers report dealing in shares of the company to the company secretarial function who in turn report the dealings to the board. The

managing secretary and company secretary are also required to ensure that minutes of all shareholders', board and board committees' meetings are properly recorded in accordance with the South African *Companies Act* of 1973.

Management

Although the board bears overall responsibility for the company, management (together with the executive directors) is the custodian and administrator of the day-to-day performance of the company. Management therefore plays a significant role in the corporate governance of the company. The executive directors are the board functionaries who assume control and guide the activities and actions of management. Management also reports to the various board committees and receives direction and guidance on issues of strategy and planning from such committees.

Those chosen to assume managerial positions are appointed on the basis of their qualifications, experience and ability to contribute meaningfully to the company's best interests. Integrity and honesty are qualities expected of management, as this is central to the practice of good corporate governance.

Management has engaged, and is engaging in an extensive review of its current practices and is satisfied that it complies with its corporate governance obligations. A multi-disciplinary Disclosures Committee has been established by management to review and monitor company practices and obligations, and to ensure appropriate, effective and timely disclosures are made to the various regulatory bodies.

Succession planning

AngloGold recognises that it is in its best interests, and those of its stakeholders, to ensure that it continues to operate and function effectively, with minimal disruption, should key personnel resign or retire. Competent, credible and appropriately qualified candidates are selected and groomed to take over key positions in the event of a vacancy arising in senior managerial positions. A talent management programme is in place to harness, nurture and maximise the potential of promising employees. The Nominations Committee is briefed *inter alia* to put in place plans for the succession of the chairman of the board and the chief executive officer.

Corporate governance guidelines

AngloGold's Corporate Governance Guidelines are available from the company website. These guidelines include the board charter, business principles, code of ethics for the chief executive officer and financial officers,

board committees' terms of reference, and other policies of the company.

Annual financial statements

The directors are required by the South African *Companies Act* to maintain adequate accounting records and are responsible for the preparation of the annual financial statements which fairly present the state of affairs of the company and the AngloGold group at the end of the financial year, and the results of operations and cash flow for the year, in conformity with generally accepted accounting practice and in terms of the JSE Listings Requirements.

In preparing the annual financial statements reflected in US Dollars and SA Rands on pages 42 to 140, the group has complied with South African Statements of Generally Accepted Accounting Practice (SA GAAP) and International Financial Reporting Standards (IFRS) and has used appropriate accounting policies supported by reasonable and prudent judgements and estimates. The directors are of the opinion that these financial statements fairly present the financial position of the company and the group at 31 December 2003, and the results of their operations and cash flow information for the year then ended.

The directors have reviewed the group's business plan and cash flow forecast for the year to 31 December 2004. On the basis of this review, and in the light of the current financial position and existing borrowing facilities, the directors are satisfied that AngloGold is a going concern and have continued to adopt the going-concern basis in preparing the financial statements.

The external auditors, Ernst & Young, are responsible for independently auditing and reporting on the financial statements in conformity with Generally Accepted Auditing Standards, IFRS and the Companies Act. Their unqualified report on these financial statements appears on page 41.

To comply with requirements for reporting by non-US companies registered with the SEC, the company has prepared a set of financial statements (Form 20-F) in accordance with US Generally Accepted Accounting Principles (US GAAP) which will be available from The Bank of New York to holders of the company's securities listed in the form of American Depositary Shares on the NYSE. Copies of the Form 20-F will also be available to stakeholders and other interested parties upon request to the company's corporate office or its contacts as listed on the back cover of this report. In compliance with the

requirements of the NYSE, a condensed consolidated income statement, balance sheet, statement of cash flows and brief financial notes based on US GAAP are included on pages 141 to 144 in this report. A condensed reconciliation between IFRS and US GAAP is supplied as supplementary information (pages 145 to 147).

In terms of the Sarbanes-Oxley Act, the chief executive officer and chief financial officer are required to complete a group certificate stating that the financial statements and reports are not misleading and that they fairly present the financial condition, results of operations and cash flows in all material respects. The design and effectiveness of the internal controls, including disclosure controls, are also included in the declaration. As part of the process, a declaration is also made that all significant deficiencies and material weaknesses, fraud involving management or employees who play a significant role in internal control, and significant changes that could impact on the internal control environment, are disclosed to the Audit and Corporate Governance Committee and the board.

Risk management and internal control

The board has ultimate responsibility for the total risk management process within the group. The board reviews and approves the risk strategy and policies that are formulated by the executive directors and senior management. Management is accountable to the board and has established a group-wide system of internal control to manage significant group risk. This system assists the board in discharging its responsibility for ensuring that the wide range of risks associated with the group's global operations are effectively managed in support of the creation and preservation of shareholder wealth. The risk management policies are communicated to all relevant employees.

Corporate governance is viewed as a strategic response to pursuing opportunities in a manner that is balanced by taking prudent risks, appropriately mitigated in exchange for measurable rewards. A full review of the risk, control and disclosure processes is undertaken annually to ensure that all additional requirements are incorporated into the system in the future. The systems are in place and the focus is on ensuring that the requirements of the King Report 2002 and the Sarbanes-Oxley Act are complied with timeously.

The management of risk encompasses all significant business risks, including operational and financial risk, which could undermine the achievement of business

Corporate governance (continued)

objectives. The board has approved the level of acceptable risk and required that operations manage and report in terms thereof. Issues and circumstances, which could give rise to material adverse reputation considerations, are also considered to be unacceptable risk.

There is clear accountability for risk management. The requisite risk and control capability is assured through board control and appropriate management selection and skills development. Managers are supported in giving effect to their risk responsibilities through sound policies and guidelines on control management. Continual monitoring of risk and control processes, across significant risk areas, provides the basis for regular and exceptional reporting to the Audit and Corporate Governance and Executive committees. In the event of failure or disaster, continuity plans are in place with regard to critical processes.

For key risk areas, group risk owners have been appointed and board policies issued. The risk assessment and reporting criteria are designed to provide the board with a consistent, group-wide perspective of the key risks. The system of internal control, which is embedded in all key operations, provides reasonable assurance, rather than absolute assurance, that the group's business objectives will be achieved within the levels of risk tolerance defined by the board.

Regular management reports, which provide a balanced assessment of key risks, are an important component of board assurance. Additional sources include assertions by divisional heads as well as board committees established to focus on specific risks such as safety, health and sustainability, and capital investment. The board also receives assurance from the Audit and Corporate Governance Committee, which derives its information, in part, from regular internal and external audit reports on risk and internal control throughout the group.

The company has a sound system of internal control, based on the group's policies and guidelines, in all material associates and joint ventures. Where this is not possible, the directors, who represent AngloGold's interests on the boards of these entities, seek assurance that significant risks are being managed.

In conducting its annual review of the effectiveness of risk management in terms of the Turnbull requirements of the Combined Code – Principles of Good Corporate Governance and Code of Best Practice in the United Kingdom, the board considers the key findings from the

ongoing monitoring and reporting process, management assertions and independent assurance reports. The board also takes account of material changes and trends in the risk profile, and considers whether the control system, including reporting, adequately supports the board in achieving its risk management objectives. In addition, business unit heads and corporate risk owners are required to sign off abbreviated certificates confirming their understanding of their responsibility for internal controls. They are also required to certify that their disclosure in relation to their internal controls is transparent and that there are no untrue statements or omissions in their reporting process.

During the course of the year the board considered the group's responsiveness to changes within its business environment, and systems of control. The board is satisfied that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the group.

Risk factors

This section describes some of the risks that could materially affect AngloGold. Additional risk factors not presently known to AngloGold or that AngloGold currently deems immaterial may also impair the business operations of AngloGold.

The risk factors set forth in this document have been organised into two categories:

- risks related to the gold mining industry generally; and
- risks related to AngloGold's operations.

Risks related to the gold mining industry generally

The profitability of AngloGold's operations, and the cash flows generated by these operations, are significantly affected by changes in the market price for gold.

The market price for gold can fluctuate widely, as a result of numerous factors beyond AngloGold's control, including:

- speculative positions taken by investors or traders in gold;
- changes in the demand for gold use in jewellery, for industrial uses and for investment;
- changes in the supply of gold from production, disinvestment, scrap and hedging;

- financial market expectations regarding the rate of inflation;
- the strength of the US Dollar (the currency in which the gold price trades internationally) relative to other currencies;
- changes in interest rates;
- actual or expected gold sales by central banks;
- gold sales by gold producers in forward transactions;
- global or regional political or economic events; and
- costs of gold production in major gold-producing nations, such as South Africa, the United States and Australia.

The price of gold is often subject to sharp, short-term changes resulting from speculative activities. While the overall supply of and demand for gold can affect its market price, because of the considerable size of above-ground stocks of the metal in comparison to other commodities, these factors typically do not affect the price in the same manner or degree as the supply of and demand for other commodities tend to affect their market price.

The following table presents the annual high, low and average afternoon fixing prices over the past 10 years, expressed in US Dollars, for gold per ounce, on the London Bullion Market:

Year	High	Low	Average
1994	396	370	384
1995	396	372	384
1996	415	367	388
1997	367	283	331
1998	314	273	287
1999	340	252	278
2000	317	262	279
2001	298	253	271
2002	347	278	310
2003	417	320	364

* Source of Data: Metals Week, Reuters and London Bullion Market Association.

On 27 February 2004, the afternoon fixing price of gold on the London Bullion Market was US\$395.85/oz.

AngloGold's current average total cash costs and total production costs are significantly below prevailing

market prices. If revenue from gold sales falls below the cost of production for an extended period, AngloGold may experience losses and be forced to curtail or suspend some or all of its capital projects and/or operations and change its past dividend payment policies. In addition, it would have to assess the economic impact of low gold prices on its ability to recover any losses it may incur during that period and on its ability to maintain adequate cash and accounting reserves. The current price of gold is significantly in excess of AngloGold's total cost of production.

AngloGold's use of hedging instruments to protect against low gold prices and exchange rate movements may prevent it from realising all potential gains resulting from subsequent gold price increases in the future.

AngloGold currently uses hedging instruments to fix the selling price of a portion of its respective anticipated gold production and to protect its revenues against unfavourable gold price and exchange rate movements. While the use of these instruments may protect against a drop in gold prices and exchange rate movements, it will only do so for a limited period of time and only to the extent that the hedge remains in place. The use of these instruments may also prevent AngloGold from realising the positive impact on income from any subsequent favourable increase in the price of gold on the portion of production covered by the hedge and any subsequent favourable exchange rate movements.

As at 31 December 2003, AngloGold's hedge book had a net delta of 8.6Moz and negative marked-to-market valuations of \$663.7 million, including AngloGold's and Ashanti's respective 50% interests in the \$154.9 million negative marked-to-market value of the Geita hedge book.

If the negative marked-to-market value of the Geita hedgebook exceeds a specified level, AngloGold will not be able to receive any cash from the Geita joint venture.

The Geita Joint Venture also engages in hedging transactions with respect to production from the Geita mine. This hedging is carried out on a margin-free basis. However, if at any time the aggregate respective marked-to-market value of the Geita hedge book exceeds \$167.38 million (negative), AngloGold will be restricted from receiving cash from the joint venture until the marked-to-market negative value reduces below that threshold. The hedging arrangements also provide for events of default and termination that could result in early close-outs or a

Corporate governance (continued)

default of Geita's \$66.25 million project finance facility. The threshold of \$167.38 million will increase during the life of the Geita project finance facility as principal repayments under the facility are made and additional coverage becomes available under AngloGold's political risk insurance.

Uncertainty and cost of mineral exploration and acquisitions

Exploration activities are speculative and are often unproductive. These activities also often require substantial expenditure to:

- establish Mineral Resources and Ore Reserves through drilling, and metallurgical and other testing techniques;
- determine metal content and metallurgical recovery processes to extract metal from the ore; and
- construct, renovate or expand mining and process facilities.

Once gold mineralisation is discovered it can take several years to determine whether Mineral Resources and Ore Reserves exist. During this time the economic feasibility of production may change.

AngloGold considers from time to time the acquisition of Mineral Resources, Ore Reserves, development properties and operating mines, either as stand-alone assets or as part of companies. Its decisions to acquire these properties have historically been based on a variety of factors including historical operating results, estimates of and assumptions about future reserves, cash and other operating costs, metal prices and projected economic returns and evaluations of existing or potential liabilities associated with the property and its operations. Other than historical operating results, all of these parameters may differ significantly from its estimates and assumptions. In addition, there is intense competition for attractive properties.

As a result of these uncertainties, the exploration programmes and acquisitions engaged in by AngloGold may not result in the expansion or replacement of current production with new Ore Reserves or operations. This could adversely affect its ongoing business and financial position.

Development risks. AngloGold's profitability depends, in part, on the actual economic returns and the actual costs of developing mines, which may differ significantly from its current estimates. The development of its mining

projects may be subject to unexpected problems and delays.

AngloGold's decision to develop a mineral property is typically based, in the case of an extension or in the case of a new development, on the results of a feasibility study. Feasibility studies derive estimates of expected or anticipated project economic returns. These estimates are based on assumptions about:

- future gold and other metal prices;
- anticipated tonnage, grades and metallurgical characteristics of ore to be mined and processed;
- anticipated recovery rates of gold and other metals from the ore;
- anticipated capital expenditure and cash operating costs; and
- the anticipated return on investment.

Actual cash operating costs, production and economic returns may differ significantly from those anticipated by such studies and estimates. There are a number of uncertainties inherent in the development and construction of an extension to an existing mine, or in the development and construction of any new mine. These uncertainties include, in addition to those discussed immediately above:

- the timing and cost, which can be considerable, of the construction of mining and processing facilities;
- the availability and cost of skilled labour, power, water and transportation facilities;
- the availability and cost of appropriate smelting and refining arrangements;
- the need to obtain necessary environmental and other governmental permits and the timing of those permits; and
- the availability of funds to finance construction and development activities.

The costs, timing and complexities of mine development and construction can increase because of the remote location of many mining properties. New mining operations could experience unexpected problems and delays during development, construction and mine start-up. In addition, delays in the commencement of mineral

production could occur. Accordingly, AngloGold's future development activities may not result in the expansion or replacement of current production with new production, or one or more of these new production sites or facilities may be less profitable than currently anticipated or may not be profitable at all.

Ore Reserve estimation risks. AngloGold's Ore Reserves described in this document are the best estimates of AngloGold's current management as of the dates stated and are reported in accordance with the requirements of the United States' Securities Exchange Commission's Industry Guide 7. In Australia and South Africa, AngloGold is legally required to publicly report Ore Reserves and Mineral Resources in accordance with the Australasian Code for Reporting of Mineral Resources and Ore Reserves (JORC Code) and the South African Code for Reporting of Mineral Resources and Ore Reserves (SAMREC Code).

AngloGold undertakes annual revisions to their respective Mineral Resource and Ore Reserve estimates based upon actual exploration and production results, depletion, new information and fluctuations in production and economic parameters. These factors may result in reductions in its Ore Reserve estimates, which could adversely impact upon the life-of-mine plans and consequently the total value of AngloGold's mining asset base. As a result, this in turn could have a negative impact upon the market price of ADSs and shares.

Mining industry risks

Gold mining is susceptible to numerous events that may have an adverse impact on a gold mining business. These events include, but are not limited to:

- environmental hazards, including discharge of metals, pollutants or hazardous chemicals;
- industrial accidents;
- underground fires;
- labour disputes;
- unexpected geological formations;
- unanticipated ground and water conditions;
- fall of ground accidents;
- failure of mining pit slopes and tailings dam walls;
- legal and regulatory restrictions and changes to such restrictions;
- seismic activity; and

- other natural phenomena, such as floods or inclement weather conditions.

The occurrence of one or more of these events may result in the death of, or personal injury to, miners, the loss of mining equipment, damage to or destruction of mineral properties or production facilities, monetary losses, delays in production, environmental damage and potential legal liabilities. As a result, AngloGold's operations could be affected and, if such effect were material, its financial position could be adversely affected to a significant extent.

Seismic activity is of particular concern to the gold mining industry in South Africa, in part because of the large percentage of deep-level gold mines. To understand and manage this risk, AngloGold uses sophisticated seismic and rock mechanics technologies. AngloGold has had some success with these technologies in identifying the possible location of future seismic activity and in the development of mine layouts, support layouts and technologies, and mining methods to ameliorate seismic risk. Despite these programmes and their success to date, seismic events have in the past and may in the future cause employee injury and death, and may cause substantial damage to AngloGold's operations both within South Africa and elsewhere, which could have an adverse impact on the future results of its operations and, consequently, its financial condition.

Gold mining operations are subject to extensive safety and health laws and regulations.

Gold mining operations are subject to a variety of mine safety and health laws and regulations, depending upon the jurisdiction in which they are located. These laws and regulations are formulated to improve and protect the safety and health of employees.

In complying with the mine safety and health laws and regulations to which its operations are subject, AngloGold has dedicated resources in an attempt to achieve and to ensure the application of international best practice in the management of health across its operations, including medical surveillance systems. These systems and policies have resulted in improvements in its safety performance. AngloGold intends to implement such systems and policies, where required, across Ashanti's operations since the countries in which Ashanti operates do not currently have fully developed systems of safety and health laws and regulations.

Corporate governance (continued)

If these laws and regulations were to change and, if as a result, material additional expenditure was required to comply with such new laws and regulations, it could adversely affect AngloGold's financial position.

Gold mining companies are subject to extensive environmental laws and regulations.

Gold mining companies are subject to extensive environmental laws and regulations in the various jurisdictions in which they operate. These regulations establish limits and conditions on the ability of gold producers' ability to conduct their operations. The cost of AngloGold's compliance with environmental laws and regulations has been significant in the past.

Pursuant to environmental laws and regulations, gold mining companies are also obligated to close their operations and rehabilitate the lands that they mine in accordance with these laws and regulations. Estimates of the total ultimate closure and rehabilitation costs for gold mining operations are significant and based principally on current legal and regulatory requirements that may change materially. AngloGold currently expenses rehabilitation costs as incurred and provides for the anticipated costs of compliance on a unit of production basis over the operating life of the mine. Other environmental liabilities are accrued when they are known, probable and can be reasonably estimated.

Environmental laws and regulations are continually changing and are generally becoming more restrictive. If AngloGold's environmental compliance obligations were to change as a result of changes in the laws and regulations or in certain assumptions it makes to estimate liabilities, or if unanticipated conditions were to arise in its operations, its expenses and provisions would increase to reflect these changes. If material, these expenses and provisions could adversely affect its results of operations and financial position. For a discussion of the estimated cost of the future environmental rehabilitation obligations with respect thereto, see Note 29 "Provisions: Environmental Rehabilitation Obligations" of AngloGold's consolidated audited financial statements. Additionally, for a discussion of the effects of the Mineral and Petroleum Resources Development Act with respect to the additional responsibilities imposed on mining companies in South Africa in respect of the environment and rehabilitation, see "*Changes to mineral rights ownership regimes in South Africa, where a significant portion of AngloGold's mineral reserves and deposits are located, could have a material impact on its financial position*" below.

Risks related to AngloGold's operations

AngloGold faces many risks related to its operations that may affect its cash flows and overall profitability.

There is a risk that the merger with Ashanti may not be implemented

The merger of AngloGold with Ashanti is subject to a number of conditions including the approval by the requisite majority of Ashanti shareholders of the Ghanaian Scheme of Arrangement and the relevant special resolution proposed at Ashanti's extraordinary general meeting, the confirmation of the scheme by the High Court of Ghana, the receipt of certain regulatory approvals and third party consents and the absence of any material adverse change to the business, financial condition, results of operations, assets or liabilities of Ashanti since 31 December 2002 (other than as publicly disclosed or announced by Ashanti prior to the date of the transaction agreement). If the conditions to the merger are not satisfied or, if permissible, waived on or before 31 May 2004 or such later day as may be agreed by AngloGold or Ashanti, AngloGold and Ashanti may terminate the transaction agreement, in which case the scheme of arrangement will not become effective and the merger will not be completed. AngloGold and Ashanti are not obliged to extend the period for the satisfaction or, if permissible, waiver of the conditions to the merger beyond 31 May 2004. Should the merger not be completed, the anticipated benefits of the merger will not be realised. At this stage there is no guarantee that the conditions to the merger will be satisfied and that the merger will be completed.

Foreign exchange fluctuations could have a material impact on AngloGold's operating results and financial position.

Since June 2002, the weakening of the US Dollar against the South African Rand, and, to a lesser extent, the Brazilian Real, the Argentinean Peso and the Australian Dollar has had a negative effect on AngloGold's profitability. Conversely, in certain prior years, the devaluation of these local currencies against the US Dollar had a significant positive effect on the profitability of its operations. Typically, revenues are derived in US Dollars and production costs are largely incurred in the relevant local currency. In 2003 and 2002, AngloGold derived approximately 77% and 73%, respectively, of its revenues from these countries and approximately 79% and 74%, respectively, of production costs in these local currencies. In 2003, the weakening of the US Dollar against these local currencies accounted for nearly \$47/oz, or 69% of the total increase in total cash costs compared with a decrease in 2002 of \$24/oz. In addition,

production costs in South African Rands, Brazilian Reals, Argentinean Pesos and Australian Dollars were only modestly offset by the effect of exchange rate movements on the price of imports denominated in US Dollars, as imported products comprise a small proportion of production costs in each of these countries. AngloGold's product, gold, is principally a US Dollar-priced commodity, and most of its revenues are realised in US Dollars. The weakening of the US Dollar, without a corresponding increase in the US Dollar price of gold against these local currencies results in lower revenues and higher production costs in US Dollar terms. Conversely, the strengthening of the US Dollar, without a corresponding decrease in the US Dollar price of gold, against these local currencies yields significantly higher revenues and lower production costs in US Dollar terms. If material, these exchange rate movements may have an adverse impact on AngloGold's operating results. For example, due to the strengthening of the South African Rand against the US Dollar, production costs at AngloGold's South African operations increased in US Dollar terms during the second half of 2002 compared to the first half. This trend continued in 2003 due to the continued weakening of the US Dollar relative to currencies in many of the countries in which AngloGold operates. These impacts have been partially offset in 2003 by the increase in the US Dollar price of gold, which increase has been partially a function of US Dollar weakness.

To a lesser extent, mainly as a result of its hedging instruments, a small proportion of AngloGold's revenues are denominated in South African Rand and Australian Dollars, which may partially offset the effect of the US Dollar's strength or weakness on AngloGold's profitability.

In addition, due to its global operations and local foreign exchange regulations, some of AngloGold's funds are held in local currencies, such as the South African Rand and Australian Dollar. The US Dollar value of these currencies may be affected by exchange rate fluctuations. If material, exchange rate movements may affect AngloGold's overall financial position.

Inflation may have a negative impact on AngloGold's results of operations.

Most of AngloGold's operations are located in countries that have historically experienced high rates of inflation. AngloGold's operations have not been materially adversely affected by inflation in recent years. However, because it is unable to control the market price at which it sells the gold it produces (except to the extent that it

enters into forward sales and other derivative contracts), it is possible that significantly higher inflation in the future in the countries in which AngloGold operates, result in a consequent increase in operational costs in local currencies, without a concurrent devaluation of the local currency of operations against the US Dollar or an increase in the US Dollar price of gold. This could have a material adverse effect upon the results of AngloGold's operations and financial condition.

While none of its specific operations are currently materially adversely affected by inflation, significantly higher and sustained inflation in the future, with a consequent increase in operational costs, could result in operations being discontinued, or reduced and rationalised at higher cost mines.

Changes to mineral rights ownership regimes in South Africa, where a significant portion of AngloGold's mineral reserves and deposits are located, could have a material impact on its financial position.

AngloGold's rights to own and exploit mineral reserves and deposits are governed by the laws and regulations of the jurisdictions in which the mineral properties are located. Currently, a significant portion of AngloGold's mineral reserves and deposits are located in South Africa.

In October 2002, the President of South Africa assented to the Mineral and Petroleum Resources Development Act (MPRDA), which had been passed by Parliament in June 2002. It will take effect on a date to be proclaimed by the President, which is expected to be in May 2004. Until then the existing regulatory regime for mineral rights will remain in place whereby the holder of mineral rights is entitled to mine on obtaining a mining authorisation from South Africa. AngloGold owns substantially all the mineral rights for which it holds mining authorisations.

The MPRDA vests custodianship of South Africa's mineral resources in the State, which will issue prospecting rights or mining rights to applicants in the future. The existing common law prospecting, mining and mineral rights will cease to exist but transitional arrangements are provided in order to give holders of existing rights the opportunity to convert their current rights into new rights.

Where AngloGold holds mineral rights and mining authorisations and is conducting mining operations on the date on which the MPRDA comes into effect, it will be able within five years from the date of effectiveness

Corporate governance (continued)

of the MPRDA to submit the old rights and authorisations for conversion to new mining rights. AngloGold will need to submit a mining work programme and thereby to substantiate the area and period of the new rights, and also to comply with the requirements of the Charter as described below. A similar procedure applies where it holds prospecting rights and a prospecting permit and is conducting prospecting operations, but AngloGold must apply for conversion to new prospecting rights within two years from the date of effectiveness of the MPRDA for which purpose a prospecting work programme must be submitted. Where AngloGold holds unused rights, however, it will have one year to apply for new prospecting rights or mining rights, the requirements which are more stringent than for conversion, requiring, for example, non-concentration of resources, fair competition, no exclusionary effects, and proof of financial and technical ability.

Even where new rights are obtained under the MPRDA, these rights will not be equivalent to the existing rights. The area covered by the new rights may be reduced by the State if it finds that the prospecting or mining work programme submitted by an applicant does not substantiate the need to retain the area covered by the old rights. The duration of the new rights will no longer be perpetual but rather, in the case of new mining rights, for a maximum of 30 years with renewals of up to 30 years each and, in the case of prospecting rights, up to five years with one renewal of up to three years. The MPRDA provides for a retention period after prospecting of up to three years with one renewal of up to two years, subject to certain conditions, such as non-concentration of resources, fair competition, and non-exclusion of others. In addition, the new rights will only be transferable subject to the approval of the Minister of Minerals and Energy. Mining or prospecting must commence within one year or 120 days, respectively, of the mining right or prospecting right becoming effective, and must be conducted continuously and actively thereafter.

The new rights can be suspended or cancelled by the Minister of Minerals and Energy on breach or, in the case of a mining right, on non-optimal mining in accordance with the mining work programme.

New Royalty Bill

– The new rights will be subject to a State royalty calculated on gross revenue as proposed in the draft Mineral and Petroleum Royalty Bill, 2003, which was released in March 2003 for comment, and which proposes a royalty payment of 3% of gross revenue per annum, payable quarterly, in the case of gold. As proposed, royalty payments will commence upon the

conversion and granting of a new mining right. AngloGold and other members of the South African mining community have submitted comments on the draft bill to the relevant authorities. These comments included recommendations for a profit-based rather than a revenue-based royalty and in order not to delay the conversion of mineral rights from old to new order mining rights, that the proposed royalty should only become payable from a fixed date being five years after the MPRDA takes effect, which date is the final date for the conversion of old order to new order mining rights under the MPRDA. In addition, a reduction in the royalty rate from that proposed in the draft Mineral and Petroleum Royalty Bill has been proposed. On 18 February 2004, in the Budget Speech for the 2004 fiscal year, the South African Minister of Finance announced several refinements to the draft Mineral and Petroleum Royalty Bill. These include a delay in the introduction of the royalty to five years after the introduction of the MPRDA and confirmation of the South African Government's preference for a revenue-based royalty. It was further indicated that the royalty regime would take cognisance of the mining sector's diverse production and profitability dynamics with differential rates to apply to marginal mining operations. The proposed royalty will have an adverse impact upon AngloGold's profitability as currently no royalty is payable.

- The MPRDA calls for a Charter to be developed by the Minister of Minerals and Energy within six months of commencement of the Act, the content of which has largely been agreed with mining industry representatives (including AngloGold), and with representatives of other stakeholders. The Charter's stated objectives include the:
 - expansion of opportunities for persons disadvantaged by unfair discrimination under the previous political dispensation;
 - expansion of the skills base of such persons;
 - promotion of employment and advancement of the social and economic welfare of mining communities; and
 - promotion of beneficiation, or the crushing and separation of ore into valuable substances or waste within South Africa.

The Charter requires that each mining company achieve 15% ownership by historically disadvantaged South Africans of its South African mining assets within five years

and 26% ownership within ten years. It contemplates that this will be achieved by, amongst other things, disposals of assets by mining companies to historically disadvantaged persons on a willing seller–willing buyer basis at fair market value. In addition, the Charter requires mining companies to formulate plans for achieving employment equity at management level with a view to achieving 40% participation by historically disadvantaged persons in management and 10% participation by women in the mining industry, each within five years. When considering applications for the conversion of existing rights, the State will take a scorecard approach, evaluating the commitments of each company to the different facets of promoting the objectives of the Charter. The draft scorecard was published by the South African government in February 2003.

AngloGold fully supports the principle that the mining industry and the wider South African economy have to find ways of dealing with the legacy of the country's history in a manner that promotes economic development and growth. AngloGold has made progress in adjusting the ownership structure of its South African mining assets and the composition of its management consistent with the Charter's spirit. It believes that it is well placed to meet the Charter's targets in accordance with the scorecard.

AngloGold has completed a number of asset sales to companies owned by historically disadvantaged persons in the past four years, which meet the requirements of the Charter and the scorecard. According to AngloGold's estimates based on operating data for the 12 months ended 30 September 2003, these transactions transfer 22.4% of its attributable units of production in South Africa to historically disadvantaged persons. However, AngloGold would expect the State to conduct its own assessment of these transfers when it submits its conversions or applications for acquisition of new rights to replace its existing rights. In addition, it is continuing to evaluate alternative ways in which to achieve the objectives of the Charter through, for example, forms of broad-based equity ownership by historically disadvantaged entities, groups or individuals, including employee share ownership and empowerment unit trusts.

AngloGold believes that it has made significant progress towards meeting the requirements of the Charter and the scorecard in human resource development, employment equity, mine community and rural development, housing and living conditions, procurement and beneficiation. It will also reflect these results when it lodges its conversions or applications for acquisition of new rights to replace its existing rights. The performance under the

criteria set by the Charter and the scorecard will be assessed by the State upon the occurrence of such lodgements or applications. Details of the State's methodology for calculating performance regarding to beneficiation have, however, not yet been made public. Failure on the part of AngloGold to comply with the requirements of the Charter and the scorecard could subject AngloGold to negative consequences.

AngloGold may also incur expenses in giving additional effect to the Charter and the scorecard, including costs which it may incur in facilitating the financing of initiatives towards ownership by historically disadvantaged persons as part of the industry-wide commitment to assist such persons in securing financing of R100 billion during the first five years of the Charter's life. There is furthermore no guarantee that any steps AngloGold might take to comply with the Charter would ensure that it could successfully acquire new mining rights in place of its existing rights. In addition, the terms of such new rights may not be as favourable to AngloGold as the terms applicable to its existing rights. Based on present indications, however, AngloGold believes that it should be able successfully to acquire new rights on reasonable terms.

The MPRDA also imposes on mining companies additional responsibilities relating to environmental management and to environmental damage, degradation or pollution resulting from their prospecting or mining activities. AngloGold has a policy of evaluating, minimising and addressing the environmental consequences of its activities and, consistent with this policy and the MPRDA, has undertaken a review of the environmental costs and liabilities associated with its South African operations in light of the new, as well as the existing, environmental requirements. While this examination could result in an increase in AngloGold's compliance costs and accruals for environmental remediation following the proposed merger with Ashanti, it is not certain at this stage whether these costs or liabilities will have a material adverse effect on AngloGold's financial condition or results of operations.

A majority of AngloGold's mineral reserves and deposits and mining operations are located in countries that face political and economic risks.

The mineral deposits and mining operations of AngloGold are located mainly in Africa and, to a lesser extent, South American countries. Countries in these regions, to a greater or lesser extent, have experienced political instability and economic uncertainty in the past. More recently, certain of the countries in which AngloGold operates and in particular South Africa, have achieved greater political and economic stability. Nevertheless, in

Corporate governance (continued)

some of the countries where AngloGold operates, government policy may be unpredictable, and the institutions of government and market economy may be unstable and subject to rapid and unpredictable change.

Any existing and new mining operations and projects carried out by AngloGold in these countries are and will be subject to various national and local laws, policies and regulations governing the prospecting, developing and mining of mineral reserves, taxation, exchange controls, investment approvals, employee relations and other matters. If, in one or more of these countries, AngloGold could not obtain or maintain necessary permits, authorisations or agreements to implement planned projects or continue its operations under conditions or within time frames that make such plans and operations economic, or if legal or fiscal regimes or the governing political authorities change materially, its financial position could be adversely affected.

In South Africa, on 18 February 2004, in the Budget Speech for the 2004 fiscal year, the Minister of Finance announced that due to the new regulatory system for the mining rights in terms of the MRPD and accompanying royalty dispensation under the draft Mineral and Petroleum Royalty Bill, it has become imperative to reassess holistically the current fiscal regime as applicable to the mining and petroleum industries in South Africa, including tax depreciation, rate differentiation for mining sectors, allowable deductions and exemptions from Secondary Tax on Companies in terms of South Africa's income tax regime. Also due for review is the gold mining tax formula, which provides income tax exemption and relief from Secondary Tax on Companies for gold mines despite the existence of profit. The impact of these proposed reviews is unknown at this stage and any material adverse change arising from there could have an adverse impact upon the financial position of AngloGold.

In certain circumstances, AngloGold will be required to seek the consent of regulators and other governmental authorities before it can undertake significant transactions, such as disposals of assets. It may not be able to obtain these consents expeditiously or at all.

Labour disruptions in South Africa and other countries could have an adverse effect on AngloGold's operating results and financial condition.

As at 31 December 2003, approximately 87% (2002: 88%) of AngloGold's workforce was located in South Africa.

More than 75% of the workforce on its South African operations is unionised, with the National Union of

Mineworkers (NUM) representing the majority of unionised workers. AngloGold's employees in some South American countries are also highly unionised. In the past, trade unions have had a significant impact on AngloGold's collective bargaining process, as well as on social and political reforms, most notably in South Africa. In 1987, the NUM embarked on a three-week strike in support of a wage demand. Since then AngloGold and the industry have not experienced any work stoppages due to wage negotiations. It has become practice to negotiate wages and conditions of employment with the unions every two years, through the Chamber of Mines of South Africa. The most recent settlement negotiation was completed in July 2003, when the parties reached an agreement covering the period from 1 July 2003 to 30 June 2005. Furthermore, AngloGold has instituted a number of processes at both mine and at company level, whereby management and unions interact regularly and address areas of difference as they arise.

It is uncertain whether labour disruptions will be used to advocate labour, political or social causes in the future. Should any labour disruptions occur, if material, they could have an adverse effect on AngloGold's results of operations and financial condition.

AngloGold faces certain risks in dealing with HIV/AIDS which may have an adverse effect on its operations.

AIDS and tuberculosis (which is exacerbated in the presence of HIV/AIDS) remain the major health care challenges faced by AngloGold's South African operations. A significant portion, approximately 30%, of its South African workforce is believed to be infected with the HI virus. AngloGold is continuing to develop and implement various programmes aimed at helping those who have been infected with HIV and preventing new infections. On 14 November 2002, it announced that it had begun implementing a monitored pilot anti-retroviral therapy programme for volunteer employees in South Africa who are infected with HIV. The pilot programme involved offering a triple combination drug regimen, known as a drug cocktail, to 200 Wellness Clinic patients (being AngloGold employees) that met the medical eligibility criteria for starting treatment. From April 2003, it commenced a roll-out of the treatment to all eligible employees desiring it.

At this stage, the drug cocktail alone costs approximately \$70 per participating employee per month. It is not yet possible to develop an accurate cost estimate of the programme in its entirety, given uncertainties such as drug prices and the ultimate rate of employee

participation. Based on its estimates, AngloGold believes that the cost of managing and treating the impact of the HIV/AIDS epidemic would be significantly lower than the cost of ignoring it and failing to take measures to manage and treat it.

AngloGold does not expect the cost that it will incur related to the prevention of HIV infection and the treatment of AIDS to materially and adversely affect its operations and profitability. Nevertheless, it is not possible to determine with certainty the costs that it may incur in the future in addressing this issue, and consequently, its operations and profitability could be adversely affected.

The occurrence of events for which AngloGold is not insured or for which its insurance is inadequate may affect its cash flows and overall profitability.

AngloGold maintains insurance to protect only against catastrophic events which could have a significant adverse impact on its operations and profitability. This insurance is maintained in amounts that are believed to be reasonable depending upon the circumstances surrounding each identified risk. However, AngloGold's insurance does not cover all potential risks associated with its business. In addition, AngloGold may elect not to insure for certain risks, due to the high premiums associated with insuring those risks or for various other reasons, including an assessment that the risks are remote. Furthermore, AngloGold may not be able to obtain insurance coverage at acceptable premiums. AngloGold has a captive insurance company, namely AGR Insurance Company Limited, which participates at various levels in certain of the insurances maintained by AngloGold. The occurrence of events for which it is not insured may adversely affect AngloGold's cash flows and overall profitability.

Insider trading

AngloGold does not permit directors and key employees (that is, employees having access to price sensitive information) to trade in company shares during closed periods. Key employees trading in company shares are required to notify and obtain the necessary consent from the company secretarial function which determines whether such trading is permissible. A list of persons regarded as key employees for this purpose has been approved by the board and is revised from time to time. Directors wishing to trade in the company shares are required to notify and obtain the necessary consent from the chairman of the Remuneration Committee, or his or her deputy. The chairman of the Remuneration Committee,

or his deputy, consults with the managing secretary to determine if the trading is permissible. Closed periods are operated prior to the publication of the quarterly, half-yearly and year-end results. Where appropriate, a closed period is also operative during periods where major transactions are being negotiated and a public announcement is imminent.

Employee participation

The company has in place a variety of strategies and structures, designed to promote employee participation. These strategies and structures are further developed and adapted from time to time to meet variations in operational requirements and to accommodate changing circumstances. Management and employee representatives meet in formal and informal forums at company and operational levels to share information and to address matters of mutual interest.

Employment equity and development

In October 2003, AngloGold submitted its third annual employment equity report to the Department of Labour on progress made with the implementation of the company's employment equity plan in respect of its South African operations. The 2003 report indicates that continued progress has been made year-on-year, most notably in the category of technicians and associated professionals, where the percentage of designated employees has increased from 27% to 30%.

The employment equity governance structures and monitoring processes have been entrenched at company and business unit levels. A Mining Charter Steering Committee has been established to lead and direct the overall process of compliance with the charter. Four strategic issues have been identified to enable the company to meet the employment equity objectives:

- accelerating progress towards achieving targets;
- retention of talented employees;
- facilitating the employment of women, and
- improving communication with all employees regarding issues concerning employment equity.

Measures are being implemented to address these issues. The following is a summary of the 2003 report as required by section 22(1) of the *Employment Equity Act of 1998*.

Corporate governance (continued)

Employment Equity Report

Occupational categories	2003							2002						
	Total	Black males	White males	Black females	White females	Total designated	% designated	Total	Black males	White males	Black females	White females	Total designated	% designated
Legislators, senior officials and managers	158	8	142	1	7	16	10	149	6	136	1	6	13	9
Professionals	909	77	747	9	76	162	18	881	62	739	10	70	142	16
Technicians and associate professionals	1,697	321	1,196	14	166	501	30	1,640	290	1,192	12	146	448	27
Clerks	1,218	684	220	89	225	998	82	1,165	662	192	80	231	973	84
Craft and related trades workers	3,583	1,629	1,733	48	173	1,850	52	3,523	1,553	1,768	37	165	1,755	50
Plant & machine operators and assemblers	5,458	5,187	81	135	55	5,377	99	5,313	5,085	60	120	48	5,253	99
Elementary occupations	26,142	25,642	132	364	4	26,010	99	26,149	25,830	80	236	3	26,069	100
Total permanent	39,165	33,548	4,251	660	706	34,914	89	38,820	33,488	4,167	496	669	34,653	89
Non-permanent employees	7,996	7,085	730	155	26	7,266	91	6,414	5,691	687	32	4	5,727	89
Total	47,161	40,633	4,981	815	732	42,180	89	45,234	39,179	4,854	528	673	40,380	89

The category Blacks includes Coloureds and Indians. Included in the above are 556 people with disabilities.

The above employee numbers are as at 1 August 2003 and exclude AngloGold Health Services as they submit a separate report to the Department of Labour.

Communication

AngloGold subscribes to a policy of full, accurate and consistent communication in respect of both its financial and operating affairs. The company regularly enters into dialogue with institutional and private investors on the basis of the guidelines of promptness, relevance, transparency and substance over form, having due regard to statutory, regulatory and other directives prohibiting the dissemination of unpublished and price-sensitive information by the company and its directors and officers. In addition to the facilities offered by the corporate secretarial function and the company's share registrars, AngloGold has established an investor relations and communications programme in South Africa, Europe, Asia, the United States and Australia, to maintain contact with members of the investing communities and the media around the world.

The company encourages shareholders to attend its general meetings, which provide opportunities for shareholders to ask questions of the board, including the chairmen of the various standing committees of the board, or their representatives.

International media and investor briefings, which include telephonic and web-based conference calls, are held when the company's results are announced at quarterly intervals and when events require disclosure and discussion. The company also has a website containing up-to-date information.

Copies of all corporate presentations are posted onto the company's website. In addition, shareholders are informed at the meeting of the results of voting, in person and by proxy, in respect of all ordinary and special resolutions proposed under special business at the meeting.

Executive directors also hold face-to-face meetings with the company's institutional shareholders around the world during the year to discuss company performance and the proposed merger between AngloGold and Ashanti.

Equally high value is placed on the process of internal communication to all employees at the company's corporate office and operating units.

Sustainable development

AngloGold continues to be committed to sustainable development in all the regions in which it operates. An innovation is that the company's 2003 Report to Society is published as a web-based document simultaneously with this report. It can be accessed from the home page of the company's website and is designed to enable easy access to the reader's particular area of interest, either in terms of geographical area or discipline. Also, for the first time, key aspects of this report have been reviewed by independent auditors, PricewaterhouseCoopers.

During the year the company participated in the inaugural JSE *Socially Responsible Investment Index*. AngloGold welcomes the initiative shown by the JSE and awaits the publication of its index during the first half of 2004.

For the second year in a row AngloGold participated in the Edward Nathan and Friedland (ENF) *Sustainability Index*. Both the JSE and ENF indices seek to examine the performance of participating companies in terms of each company's triple bottom line, that is each company's attitude and actions in respect of the environment, society and economy, or in the words of the World Summit for Sustainable Development, 2002, "**planet, people, prosperity**". In the inaugural 2002 ENF *Sustainability Index*, AngloGold was ranked first in the sustainability assessment.

Further details on AngloGold's activities in respect of each of its regions is available under the Review of Operations, at pages 18 to 30 of this report. Details of the company's actions in respect of HIV/AIDS, beneficiation, social investment and code of ethics are also available from the company website in the Report to Society.

Company ethics and business principles

The company is committed to the highest standards of integrity, and ethical and legal conduct in dealings with all its stakeholders. Principles of corporate business conduct, which outline the ethical and professional management practices that AngloGold upholds, have been adopted by the board. Individuals and entities doing business with AngloGold are expected to observe the same level of commitment to group integrity. The dissemination of these principles of business conduct to all levels of employees at all regions is in progress. These principles are available on the company website. The company is confident that these principles are being adhered to.

Business principles detailing the company's approach to community and social development issues and its labour practices have also been formulated on a group-wide basis. These principles were in the process of being further refined with internal stakeholders during 2003. This will continue in 2004, and will be the subject of a comprehensive internal communications campaign during 2004 and beyond.

In addition, a policy providing for the confidential reporting of acts of fraud, dishonesty, and other acts of an unethical and illegal nature was finalised. The procedures and mechanisms for such reporting are already functional, and permit the confidential reporting via facsimile, anonymous e-mail and a toll-free telephone facility to the group internal audit manager, who is functionally and operationally independent of management. Once a report is made, the matter will be investigated and appropriate action taken. Information on the reporting mechanisms and the policy on such reporting will be communicated to all employees by means of a roll-out campaign and through the company intranet.

As the company's code of ethics and confidential reporting policy and programmes have been newly introduced, it is still early to gauge the extent to which there is adherence to the company's ethical standards. AngloGold will be able to assess the actual levels of adherence to its ethics once the confidential reporting policy has had time to filter through to employees. The findings of the internal and external audit functions have revealed no significant breaches of the company's ethics. The company is, therefore, confident that there is a high level of adherence to its ethical standards.

Access to information

The company has complied with its obligations in terms of the South African *Promotion of Access to Information Act of 2000*, and the company's manual is available from the company website and the company secretarial department.

Sponsor

UBS acts as sponsor to the company in compliance with the Listings Requirements of the JSE.

Remuneration report

Executive remuneration for the company is determined and monitored by the Remuneration Committee which comprises five non-executive directors. The committee has set the Executive Remuneration Policy for AngloGold as follows:

- to attract, reward and retain executives of the highest calibre;
- to align the behaviour and performance of executives with the company's strategic goals and in the overall interests of shareholders;
- to ensure the appropriate mix of short-, medium- and long-term rewards and incentives, with the latter being closely linked to structured company performance targets and strategic objectives; and
- to ensure that, within regions, management is competitively rewarded within a global remuneration policy, which recognises both local and global markets.

In particular the Remuneration Committee is responsible for:

- the specific remuneration packages for executive directors of the company including basic salary, performance-based short- and long-term incentives, pensions, and other benefits; and
- the operation of the company's share option scheme.

Membership of the Remuneration Committee

The Remuneration Committee has included the following non-executive directors during the period since the previous annual general meeting:

- Russell Edey (Chairman)
- Colin Brayshaw (appointed July 2003)
- Nicky Oppenheimer
- Julian Ogilvie Thompson
- Tony Trahar

The committee met three times during 2003. The chief executive officer and the executive officer responsible for human resources attend the meetings but are not present when their own benefits are discussed.

During the year, advice was received from Deloitte and Touche LLP following a survey they conducted on AngloGold's behalf of best practices in executive remuneration in the global resources sector, with particular emphasis on gold mining.

The following principles are used in the determination of executive remuneration:

1. Annual remuneration should be a combination of base pay and short-, medium- and long-term incentives, with salary comprising about 50% of annual remuneration.
2. Salary, should be set at the median for the relevant competitive markets.
3. All incentive plans should align performance targets with shareholder interests.

Currently, executive director remuneration comprises the following elements:

1. **Salary** which is subject to annual review by the Remuneration Committee and is set at the median of salaries in the relevant competitive markets in South Africa and globally. The individual salaries of executive directors are reviewed in light of their own performance, experience, responsibility and company performance.
2. **Annual bonus**, which is determined by the achievement of a set of company and individual performance targets. The company targets include earnings per share, cost control and global production. The weighting of the respective contribution of company and individual targets is 70% for company and 30% for individual. The Remuneration Committee has the right to adjust the overall level of bonus of executive directors, particularly in the light of the company's annual safety performance and of the specific contribution of individual executive directors to the company's success.

3. **Share option scheme**, which allows for an annual grant of AngloGold share options based on the achievement of pre-determined performance targets similar to those used for the annual bonus. Options granted are subject to the achievement of a performance condition set by the Remuneration Committee, and are subject to a maximum equivalent to annual salary for any executive director.
4. **Pensions:** all executive directors are members of the AngloGold Pension Fund, a defined benefit fund which guarantees a pension on retirement equivalent to 2% of final basic salary per year of service. Death and disability cover reflects best practice amongst comparable employers in South Africa.
5. **Other benefits:** executive directors are members of the AngloGold Medical Scheme, which covers the director and his immediate family.

Long-term incentive plan

The committee resolved to investigate the introduction of a long-term incentive plan in 2005, subject to shareholder approval.

Directors' service contracts

Service contracts of executive directors are reviewed annually. The contractual notice period in respect of Bobby Godsell, as chief executive officer, is 12 months, and for the other three executive directors, six months. The contracts also deal with compensation if employment is terminated or a material change in role, responsibilities or remuneration occurs. Compensation in these circumstances is pegged at twice the notice period.

Directors' emoluments

The salaries and benefits of executive directors, who receive no fees as members of the AngloGold Board, and the fees paid to non-executive directors, are shown in the tables on pages 64 to 66.

Non-executive directors' remuneration

The remuneration and fees of non-executive board members are reviewed from time to time to ensure that they remain competitive and that they attract individuals

of the appropriate reputation and experience to the board. The executive directors are responsible for conducting this review and making recommendations accordingly.

To this end, at the annual general meeting to be held on Thursday, 29 April 2004, shareholders will be requested to consider an ordinary resolution to approve the following:

- an increase in the fees payable to directors of the company from R100,000 to R110,000 per annum, provided that directors who are non-residents of South Africa will receive US\$16,000 per annum;
- an increase in the fee payable to the deputy chairman of the board from R150,000 to R300,000 per annum;
- an increase in the fee payable to the chairman of the board from R200,000 to US\$130,000 per annum, provided that the chairman is a non-resident of South Africa; and
- an increase from US\$2,000 to US\$4,000 in the additional travel allowance payable to directors who travel internationally to attend board meetings.

Remuneration report (continued)

All figures have been stated to the nearest R000.

	Salary payments	Performance related	Pension scheme contributions	Other benefits	Sub-total	Pre-tax gains on share options exercised	Total
Executive Directors' remuneration 2003							
R M Godsell (Chief Executive Officer)	5,386	2,459	684	120	8,649	–	8,649
J G Best	2,862	857	365	53	4,137	4,932	9,069
D L Hodgson	2,862	857	365	61	4,145	1,845	5,990
K H Williams	2,972	927	380	102	4,381	291	4,672
Total	14,082	5,100	1,794	336	21,312	7,068	28,380

Executive Directors' remuneration 2002							
R M Godsell (Chief Executive Officer)	4,217	1,295	496	283	6,291	–	6,291
J G Best	2,476	928	300	32	3,736	2,130	5,866
D L Hodgson	2,475	678	300	100	3,553	2,972	6,525
K H Williams	2,673	898	333	150	4,054	2,154	6,208
Total	11,841	3,799	1,429	565	17,634	7,256	24,890

Non-executive Directors' remuneration

	2003				2002			
	Directors' fees	Committee fees	Travel allowance	Total	Directors' fees	Committee fees	Travel* allowance	Total
R P Edey (Chairman)	200	130	43	373	160	126	41	327
Dr T J Motlatsi (Deputy Chairman)	150	110	17	277	117	107	21	245
F B Arisman	100	75	45	220	83	60	41	184
Mrs E le R Bradley	100	110	17	227	83	107	–	190
C B Brayshaw	100	65	17	182	83	47	–	130
Dr V K Fung (resigned 30 April 2003)	33	10	–	43	83	30	20	133
A W Lea	100	30	–	130	83	28	–	111
W A Nairn	100	110	–	210	83	104	–	187
J Ogilvie Thompson	100	30	–	130	83	30	–	113
N F Oppenheimer	100	30	–	130	83	30	–	113
A J Trahar	100	30	–	130	83	30	–	113
Total	1,183	730	139	2,052	1,024	699	123	1,846

	2003				2002			
	Directors' fees	Committee fees	Travel allowance	Total	Directors' fees	Committee fees	Travel*	Total
Alternates								
D D Barber	–	–	17	17	–	–	–	–
P G Whitcutt	–	15	–	15	–	30	–	30
Total	–	15	17	32	–	30	–	30
Fees paid to a former non-executive director								
D M J Ncube	–	–	–	–	–	60**	–	60
Total	–	–	–	–	–	60	–	60
Grand total	1,183	745	156	2,084	1,024	789	123	1,936

* Introduced with effect from 1 May 2002.

** Prior years' adjustment.

Executive directors do not receive payment of directors' fees and committee fees.

Share incentive scheme

Options to subscribe for ordinary shares in the company granted to, and exercised by, executive directors, executive officers and managers during the year to 31 December 2003, and subsequent to year end, are included in the table below:

	Executive directors and senior managers							
	R M Godsell	J G Best	D L Hodgson	K H Williams	Total	Executive officers	Other managers	Total
Granted as at 1 January 2003								
Number	194,300	74,100	83,700	82,100	434,200	225,600	2,678,580	3,338,380
Average exercise price per share – R	123.80	141.10	152.15	129.98	133.39	173.74	196.12	186.45
Granted during year								
Number	16,000	10,500	10,500	10,500	47,500	24,000	1,168,200	1,239,700
Average exercise price per share – R	221.90	221.90	221.90	221.90	221.90	221.90	221.90	221.90
Exercised during year								
Number	–	25,800	9,600	1,500	36,900	58,200	412,920	508,020
Average exercise price per share – R	–	104.96	104.00	104.00	104.67	163.21	119.10	123.10
Average market price per share at date of exercise – R	–	296.11	296.18	297.87	296.20	271.97	285.82	284.99
Pre-tax gain at date of exercise – R value – average	–	4,931,703	1,844,955	290,808	7,067,466	6,329,730	68,841,924	82,239,120
R per share	–	191.15	192.18	193.87	191.53	108.76	166.72	161.88
Lapsed during year								
Number	–	–	–	–	–	16,000	134,100	150,100
Average exercise price per share – R	–	–	–	–	–	159.60	245.47	236.32
Held as at 31 December 2003								
Number	210,300	58,800	84,600	91,100	444,800	175,400	3,299,760	3,919,960
Average exercise price per share – R	131.27	171.38	166.27	141.00	145.22	185.12	212.88	203.96
Latest expiry date	2 May 2013	2 May 2013	2 May 2013	2 May 2013		2 May 2013	2 May 2013	

Remuneration report (continued)

Executive directors and senior managers									
		R M Godsell	J G Best	D L Hodgson	K H Williams	Total	Executive officers	Other managers	Total
Subsequent to year-end									
Granted									
Number		-	-	-	-	-	-	-	-
Average exercise price per share	- R	-	-	-	-	-	-	-	-
Value	- R								
Exercised									
Number		-	-	-	30,000	30,000	-	73,200	103,200
Average exercise price per share	- R	-	-	-	104.00	104.00	-	116.99	113.21
Value	- R				3,120,000	3,120,000		8,563,520	11,683,520
Average market price per share									
at date of exercise	- R	-	-	-	290.95	290.95	-	301.22	298.24
Value	- R				8,728,607	8,728,607		22,049,566	30,778,173
Pre-tax gain at date of exercise									
Value	- R	-	-	-	5,608,607	5,608,607	-	13,486,046	19,094,653
Average R per share		-	-	-	186.95	186.95	-	184.24	185.03
Lapsed									
Number		-	-	-	-	-	-	5,600	5,600
Average exercise price per share	- R	-	-	-	-	-	-	253.77	253.77
Value	- R							1,421,120	1,421,120
Held as at 24 February 2004									
Number		210,300	58,800	84,600	61,100	414,800	175,400	3,220,960	3,811,160
Average exercise price per share	- R	131.27	171.38	166.27	159.17	148.20	185.12	214.99	206.35
Value	- R	27,605,600	10,077,100	14,066,100	9,725,100	61,473,900	32,469,300	692,470,980	786,414,180
Latest expiry date									
		2 May 2013	2 May 2013	2 May 2013	2 May 2013		2 May 2013	2 May 2013	

Directors' report

Nature of business

AngloGold Limited conducts mining operations in Africa, North and South America and Australia and undertakes exploration activities worldwide. In addition, the company is involved in the manufacturing, marketing and selling of gold products, as well as the development of markets for gold.

Ashanti Goldfields Company Limited

Following the initial announcement in May 2003 regarding the proposed merger between AngloGold and Ashanti Goldfields Company Limited, the detailed terms were announced on 4 August 2003. Shareholders have continually been updated regarding negotiations with Ashanti and other parties involved in the transaction. It is proposed that, subject to a scheme of arrangement being approved by Ashanti shareholders and the High Court of Ghana, Ashanti shareholders will be entitled to receive 29 AngloGold shares for every 100 Ashanti shares held. AngloGold shareholders in general meeting will be asked to approve a change of name of the company to AngloGold Ashanti Limited. A separate circular will be sent regarding the change of name and, assuming all approvals are received, the merger is expected to be effective and the name changed on 26 April 2004.

Holding company

The company's holding and ultimate holding companies are respectively:

- Anglo South Africa Capital (Proprietary) Limited
- Anglo American plc (incorporated in England and Wales)

The effective shareholding of Anglo American plc in the issued share capital of the company at the undermentioned dates was as follows:

	24 February 2004	31 December 2003	31 December 2002
Ordinary shares held			
Number	122,863,176	121,502,197	114,457,368
Percentage	55.04	54.45	51.41

Share capital

There was no change to the authorised share capital of the company during 2003. The authorised ordinary share capital of AngloGold is R100m in 400m shares of 25 cents each.

The following are the movements in the issued and unissued ordinary share capital from the beginning of the accounting period to the date of this report:

Issued

	2003		2002	
	Number of shares	Rand	Number of shares	Rand
At 1 January	222,622,022	55,655,506	215,268,116	53,817,029
Issues during year				
Issue of shares in terms of				
– Normandy top-up facility*	–	–	127,156	31,789
– Normandy share-swap*	–	–	6,403,236	1,600,809
– AngloGold odd-lot offer	–	–	278,196	69,549
Exercise of options by participants in the				
– AngloGold Share Incentive Scheme	508,020	127,005	478,720	119,680
– Acacia Employee Option Plan	6,300	1,575	66,598	16,650
At 31 December	223,136,342	55,784,086	222,622,022	55,655,506
Issues subsequent to year-end				
Exercise of options by participants in the AngloGold Share Incentive Scheme	103,200	25,800		
At 24 February 2004	223,239,542	55,809,886		

* Arising from the offer by AngloGold to shareholders of Normandy Mining Limited, a gold mining company registered in Australia, to acquire the entire issued share capital of Normandy. As acceptances in respect of this offer constituted only 7.11% of Normandy's issued share capital, with no possibility of AngloGold obtaining majority control of Normandy, the offer closed on 18 January 2002. The company's holding of Normandy shares was disposed of in January 2002 and the proceeds applied towards repaying debt owed by the AngloGold group.

Directors' report (continued)

Unissued

	2003	2002
	Number of shares	Number of shares
At 1 January	177,377,978	184,731,884
Issues during year	514,320	7,353,906
Maximum number of shares available for allocation for purposes of the Share Incentive Scheme	6,136,249	6,122,106
Unissued shares under the control of the directors at 31 December	170,727,409	171,255,872
Issues subsequent to year-end	103,200	
Additional number of shares available for allocation for purposes of the Share Incentive Scheme	2,838	
Balance of unissued shares under the control of the directors at 24 February 2004	170,621,371	

All the issued A and B redeemable preference shares are held by a wholly owned subsidiary and further details of the authorised, issued and unissued shares, as well as the share premium, are given in note 27 to the group's financial statements.

At the annual general meeting to be held on 29 April 2004, shareholders will be asked to consider an ordinary resolution placing the number of unissued ordinary shares, exclusive of the number of shares reserved for purposes of the Share Incentive Scheme as at that date, under the control of the directors until the next annual general meeting.

In terms of the Listings Requirements of the JSE Securities Exchange South Africa (JSE), shareholders may, subject to certain conditions, authorise the directors to issue the shares held under their control for cash other than by means of a rights offer to shareholders. In order that the directors of the company may be placed in a position to take advantage of favourable circumstances which may arise for the issue of such shares for cash without restriction for the benefit of the company, shareholders will be asked to consider an ordinary resolution to this effect at the forthcoming annual general meeting.

The company has not exercised the general approval to buy back shares from its issued ordinary share capital granted at the annual general meeting held on 30 April 2003. At the next annual general meeting shareholders will be asked to renew the general authority for the acquisition by the company, or a subsidiary of the company, of its own shares.

As AngloGold is not incorporated in Australia, the acquisition of its shares by another company or person is not subject to the takeovers and substantial holding provisions of Chapter 6 of the Australian Corporations Act. However, AngloGold is required to comply with those provisions in the case of a bid for an Australian company.

American Depositary Shares

At 31 December 2003, the company had in issue through The Bank of New York as Depositary, and listed on the New York Stock Exchange (NYSE), 36,753,386 (2002: 39,879,957) American Depositary Shares (ADSs). Each ADS is equal to one ordinary share.

At 24 February 2004, there were 36,017,376 ADSs in issue and listed on the NYSE.

Share incentive schemes

As approved by shareholders, AngloGold operates two share incentive schemes (as detailed below), for the purpose of providing an incentive to executive directors, executive officers and managers of the company and its subsidiaries to identify themselves more closely with the fortunes of the group and its continued growth, and also to promote the retention of such employees by giving them an opportunity to acquire shares in the company. Employees participate in the schemes to the extent that they are granted options and accept them.

The maximum number of ordinary shares that may be allocated for the purposes of the schemes, equivalent to 2.75% of the total number of ordinary shares in issue at that date, is:

	24 February 2004	31 December 2003	31 December 2002
	6,139,087	6,136,249	6,122,106

The maximum aggregate number of shares which may be acquired by any one participant in the scheme is 300,000.

All options which have not been exercised within ten years from the date on which they were granted automatically lapse, unless otherwise stated.

Non-executive directors are not eligible for participation in the share incentive schemes.

AngloGold Share Incentive Scheme

This share incentive scheme provides for the granting of options, based on two separate criteria:

Time-related

Time-related options were approved by shareholders at the general meeting held on 4 June 1998, and amended by shareholders at the annual general meeting held on 30 April 2002.

Time related options granted, may be exercised as follows:

Percentage	Period after date of grant of options
20	2 years
40	3 years
60	4 years
100	5 years

No further options will be granted under this plan which will terminate on 1 February 2012, being the date on which the last options may be exercised or will expire.

Directors' report (continued)

Performance-related options

Performance-related options were approved by shareholders at the annual general meeting held on 30 April 2002.

Performance related options granted, may be exercised in full, three years after date of grant, provided that the condition on which the options were granted, namely related to the performance of the company, as determined by the directors, are met.

Summary

As is required to be disclosed in terms of the AngloGold Share Incentive Scheme and stock exchange regulations, the movement in respect of options granted and the ordinary shares issued as a result of the exercise of options during the period 1 January 2003 to 24 February 2004 was as follows:

Options					
	Time related	Performance related	Total	Average exercise price per ordinary share	Ordinary shares issued
At 1 January 2003	2,159,280	1,179,100	3,338,380	R186.45	1,539,320
Movements during year					
– Granted	–	1,239,700	1,239,700	R221.90	–
– Exercised	508,020	–	508,020	R123.10	508,020
– Lapsed – terminations	47,600	102,500	150,100	R236.32	–
At 31 December 2003	1,603,660	2,316,300	3,919,960	R203.96	2,047,340
Subsequent to year-end					
Exercised	103,200	–	103,200	R113.21	103,200
Lapsed – terminations	–	5,600	5,600	R253.77	–
At 24 February 2004	1,500,460	2,310,700	3,811,160	R206.35	2,150,540

Analysis of options in issue at 24 February 2004:

Holding	Holders	Number	Value – R000
1 – 100	0	0	0
101 – 500	0	0	0
501 – 1,000	127	112,200	26,946
1,001 – 5,000	474	1,239,100	319,170
5,001 – 10,000	95	709,900	138,694
10,001 – 100,000	80	1,539,660	273,999
Over 100,000	1	210,300	27,605
Total	777	3,811,160	786,414

Acacia Employee Option Plan

The company's wholly owned subsidiary, AngloGold Australia Limited (originally Acacia Resources Limited) operated the Acacia Employee Option Plan for certain of its employees. In terms of this plan, on exercising of options, a ratio of seven AngloGold ordinary shares for every 100 options held was applicable. The issue price of the AngloGold shares was calculated using the A\$/R exchange rate ruling on the date of allotment. At 31 December 2003, all options granted in terms of the Acacia Employee Option Plan had been exercised or lapsed and the plan has now been terminated.

The movement in respect of options during the period 1 January 2003 to 31 December 2003 was as follows:

	Number of options	Equivalent AngloGold ordinary shares	Ordinary shares issued	Average issue price of AngloGold ordinary shares
At 1 January 2003	90,000	6,300	91,700	R161.02
Movements during year				
– Issued	–	–	–	–
– Exercised	90,000	6,300	6,300	R138.61
– Lapsed	–	–	–	–
At 31 December 2003	–	–	98,000	R159.58

Financial results

The financial statements set out fully the financial position, results of operations and cash flows of the group and the company for the financial year ended 31 December 2003. A synopsis of the financial results for the year is set out in the Financial Review on pages 10 to 13.

Review of operations

The performance of the various regions are comprehensively reviewed on pages 18 to 30.

Dividends

Dividend policy

The company's dividend policy is to declare an interim and a final dividend in respect of each financial year and to pay out a high proportion of its earnings after providing for long-term growth. This policy is reviewed by the board from time to time in the light of the group's cash requirements and financial position.

Directors' report (continued)

Dividends paid since 1 January 2003:

	Final dividend number 93	Interim dividend number 94	Final dividend number 95
Declaration date	30 January 2003	30 July 2003	29 January 2004
Last date to trade ordinary shares cum dividend	14 February 2003	15 August 2003	13 February 2004
Record date	21 February 2003	22 August 2003	20 February 2004
Amount per ordinary share			
– South African currency (cents)	675	375	335
– United Kingdom currency (pence)	48.43	31.69	26.54
Amount per CDI* – Australian currency (cents)	27.00	15.74	12.77
Payment date	28 February 2003	29 August 2003	27 February 2004
Amount per ADS** – United States currency (cents)	82.12	50.73	49.82
Payment date	10 March 2003	9 September 2003	8 March 2004

* Each CDI (CHESS Depository Interest) is equal to one-fifth of one ordinary share.

** Each ADS (American Depository Share) is equal to one ordinary share.

Shareholders who have dematerialised their ordinary shares receive payment of their dividends electronically, as provided for by STRATE. For those shareholders who have not yet dematerialised their shares, or who may intend retaining their shareholding in the company in certificated form, the company operates an electronic funds transmission service, whereby dividends may be electronically transferred to shareholders' bank accounts. These shareholders are encouraged to mandate this method of payment for all future dividends.

Borrowings

On 21 August 2003, AngloGold launched and priced an issue of senior unsecured 10.5% bonds due on 28 August 2008 in an aggregate principal amount of R2,000m. The bonds, the proceeds of which are for general corporate purposes, are listed on the Bond Exchange of South Africa.

The company's borrowing powers are unlimited. At 31 December 2003, the group's borrowings totalled \$1,158m, R7,723m (2002: \$926m, R7,938m).

Fixed assets

On 13 March 2003, AngloGold announced that its wholly owned subsidiary, AngloGold Australia Limited, had signed a new joint venture agreement with Striker Resources NL and De Beers Australia Exploration Limited, to undertake further exploration work covering an area in excess of 17,000km² in the east Kimberley region of Western Australia. An expenditure of \$4.61m (A\$7.75m) entitles AngloGold to a 51% return on income.

On 23 May 2003, AngloGold announced that it had signed an agreement to sell its wholly-owned Amapari project to Mineração Pedra Branca do Amapari, for the total consideration of \$18.2m. The Amapari project is located in the State of Amapá, North Brazil. Since acquiring the property from Minorco, AngloGold has sought to prove up additional reserve ounces in order to get it to a size and life that would justify the management resources needed to run it effectively. This was not achieved and AngloGold, on receiving a fair offer from a purchaser who could constructively turn this orebody to account, agreed to sell.

Fixed assets (continued)

On 6 June 2003, AngloGold announced that it had finalised the sale of its 49% stake in the Gawler Craton Joint Venture, including the Tunkillia project located in South Australia to Helix Resources Limited. Consideration for the sale comprised cash of \$500,000 (A\$750,000), 1.25m fully-paid Helix shares issued at A\$0.20 per share and 1.25m Helix options exercisable at A\$0.25 per option before 30 November 2003 with an additional payment of \$335,000 (A\$500,000) deferred to the delineation of a mineable resource of 350,000 ounces. Helix's proposed acquisition of AngloGold's rights to the Tarcoola Project, 60km to the south, was excluded from the final agreement. This resulted in a restructure of the original agreement terms, as announced on 8 April 2003.

With effect from 30 June 2003, the company disposed of its 70% interest in the Jerritt Canyon Joint Venture to Queenstake Resources USA Inc. In terms of the agreement of sale, Queenstake paid to the Joint Venture partners, AngloGold and Meridian Gold, \$1.5m in cash and 32m shares issued by a subsidiary, Queenstake Resources Limited, with \$6m in deferred payments and \$4m in future royalty payments. Queenstake accepted full closure and reclamation liabilities. During November 2003 AngloGold sold its entire equity interest in Queenstake Resources for a consideration of \$9.4m, resulting in a profit of \$3m.

On 18 September 2003 AngloGold and Gold Fields jointly announced that agreement had been reached on the sale by Gold Fields of a portion of the Driefontein mining area, known as Block 1C11, to AngloGold for a cash consideration of R315m. The area can be accessed from AngloGold's adjacent TauTona mine and is estimated to contain 1.4Mt of reserves at a grade of 12.7g/t, which should result in recoverable gold of 576,000oz.

On 14 November 2003 AngloGold announced that it had entered into an agreement with Greater Pacific Gold Limited, for the sale of its Union Reefs Gold Mine at Pine Creek, which closed in October 2003, together with associated assets and tenements. The staged purchase consideration for these assets is A\$6.2m. The effective date of sale has not yet been finalised.

On 24 November 2003, AngloGold announced its agreement to sell its Western Tanami Project to Tanami Gold NL for a staged payment of A\$9m, the receipt of 25m Tanami Gold shares and the payment of a royalty based on production. In November, an initial payment of A\$250,000 was received and in January 2004, a cash payment of A\$3.75m and the 25m shares were received. AngloGold Australia is currently Tanami Gold's largest shareholder with a 10.25% interest. The Western Tanami Project comprises an established exploration camp and associated equipment, a number of exploration licences in northern Western Australia and includes the Coyote gold deposit.

Investments

Particulars of the group's principal subsidiaries and joint venture interests are reflected on page 148.

Events subsequent to the balance sheet

In February 2004, AngloGold's wholly owned subsidiary incorporated in the Isle of Man, AngloGold Holdings plc, issued \$1,000m 2.375% Guaranteed Convertible Bonds due 2009. The bonds, which are guaranteed by AngloGold, are convertible into AngloGold American Depositary Shares (ADSs) at a strike price \$65 per ADS at the option of the holder. The proceeds of the bonds will be used to repay outstanding indebtedness, to pay transaction costs associated with the proposed merger with Ashanti Goldfields Company and for general corporate purposes, including planned capital expenditure. The bonds have been admitted to the Official List of the United Kingdom Listing Authority and to trading on the London Stock Exchange's market for listed securities. Further information in respect of the bonds is given in note 38 to the group's financial statements.

Directors' report (continued)

Material resolutions

Details of special resolutions and other resolutions of a significant nature passed by the company and its subsidiaries during the year under review, requiring disclosure in terms of the Listings Requirements of the JSE, are as follows:

	Nature of resolution	Effective date
AngloGold Limited	Passed at the annual general meeting held on 30 April 2003:	
	General approval for the acquisition by the company, or a subsidiary of the company, of its own shares	5 May 2003
	Amendment to the company's articles of association by the deletion therefrom of the present sub-article 63.1 and the substitution in place thereof of the following new sub-article 63.1: "on a show of hands, every member present in person and entitled to vote shall have only one vote irrespective of the number of shares he holds or represents; and"	5 May 2003
* Mineração Itajobi Ltda	Change of name to Mineração AngloGold Ltda	7 November 2003

* Incorporated in Brazil.

Annual general meeting

At the 59th annual general meeting held on 30 April 2003, shareholders passed ordinary resolutions relating to:

- the adoption of the annual report for the year ended 31 December 2002;
- the re-election of Mr F B Arisman, Mr R P Edey, Mr R M Godsell and Dr T J Motlatsi as directors of the company;
- the renewal of the general authority placing the unissued ordinary shares of the company under the control of the directors; and
- the granting of a general authority to issue ordinary shares in the capital of the company for cash, subject to certain limitations in terms of the Listings Requirements of the JSE.

Details concerning the special resolutions passed by shareholders at this meeting are disclosed above.

Notice of the 60th annual general meeting, which is to be held in Johannesburg at 11:00 on Thursday, 29 April 2004, is enclosed as a separate document with the annual report. Additional copies of the notice of meeting may be obtained from the company's corporate contacts and the share registrars or may be accessed from the company's website.

Directorate and secretary

The directors retiring by rotation at the forthcoming annual general meeting in terms of the articles of association are Mr J G Best, Mrs E le R Bradley, Mr J Ogilvie Thompson, Mr N F Oppenheimer and Mr A J Trahar. Mr Ogilvie Thompson and Mr Oppenheimer have advised that they wish to retire from the board and, therefore, have not made themselves available for re-election. However, Mr J G Best, Mrs E le R Bradley and Mr A J Trahar, being eligible, offer themselves for re-election.

The names of the directors and alternate directors of the company in office at the date of this report are listed on page 156.

Biographies of the board of directors appear on pages 37 and 38.

There has been no change in the offices of managing secretary and company secretary whose names and business and postal addresses are set out on page 156.

Directors' interests in shares

The interests of the directors and alternate directors in the ordinary shares of the company at 31 December 2003, which did not individually exceed 1% of the company's issued ordinary share capital, were:

	31 December 2003			31 December 2002		
	Beneficial Direct	Beneficial Indirect	Non- beneficial	Beneficial Direct	Beneficial Indirect	Non- beneficial
Executive directors						
J G Best	-	-	-	-	-	-
R M Godsell	460	-	-	460	-	-
D L Hodgson	-	430	-	-	-	-
K H Williams	-	920	-	-	920	-
Total	460	1,350	-	460	920	-
Non-executive directors						
F B Arisman	-	2,000	-	-	2,000	-
Mrs E le R Bradley	-	23,423	33,027	-	23,423*	33,027*
C B Brayshaw	-	-	-	-	-	-
R P Edey	-	1,000	-	-	1,000	-
A W Lea	-	-	-	-	-	-
Dr T J Motlatsi	-	-	-	-	-	-
W A Nairn	-	-	-	-	-	-
J Ogilvie Thompson	-	-	478	-	-	478
N F Oppenheimer	-	-	8,726	-	-	6,426
A J Trahar	-	-	-	-	-	-
Total	-	26,423	42,231	-	26,423	39,931
Alternate directors						
D D Barber	-	-	-	-	-	-
A H Calver	-	46	-	-	-	-
P G Whitcutt	-	-	-	-	-	-
Grand total	460	27,819	42,231	460	27,343	39,931

* Restated.

There have been no changes in the above interests since 31 December 2003.

A register detailing directors' and officers' interests in contracts is available for inspection at the company's registered and corporate office.

Group income statement for the year ended 31 December 2003

2002	2003	Figures in million	Notes	2003	2002
SA Rands				US Dollars	
19,267	15,922	Revenue	3	2,116	1,847
18,372	15,264	Gold income	2, 3	2,029	1,761
(12,550)	(11,458)	Cost of sales	4	(1,526)	(1,203)
5,822	3,806			503	558
962	861	Non-hedge derivatives		119	92
6,784	4,667	Operating profit		622	650
(258)	(273)	Corporate administration and other expenses		(36)	(25)
(179)	(139)	Market development costs		(19)	(17)
(296)	(283)	Exploration costs	5	(38)	(28)
446	329	Investment income	6	44	43
(164)	(167)	Other net expenses	7	(21)	(16)
(464)	(362)	Finance costs	8	(49)	(44)
–	38	Marked-to-market of debt financial instruments		6	–
(102)	(122)	Abnormal items	9	(19)	(10)
5,767	3,688	Profit before exceptional items	10	490	553
(293)	(221)	Amortisation of goodwill	18, 19	(29)	(28)
(145)	75	Profit (loss) on disposal of assets and subsidiaries	12	10	(13)
–	331	Profit on disposal of investments	13	45	–
–	(327)	Impairment of mining assets	17	(44)	–
2	–	Termination of retirement benefit plans		–	–
5,331	3,546	Profit on ordinary activities before taxation		472	512
(1,730)	(1,080)	Taxation	14	(142)	(165)
3,601	2,466	Profit on ordinary activities after taxation		330	347
(157)	(130)	Minority interest		(17)	(15)
–	(5)	Minority interest in abnormal items	9	(1)	–
3,444	2,331	Net profit		312	332
		Adjusted operating profit			
		The operating profit has been adjusted by the following to arrive at adjusted operating profit:			
6,784	4,667	Operating profit		622	650
(101)	(438)	Unrealised non-hedge derivatives		(63)	(12)
6,683	4,229	Adjusted operating profit		559	638

2002	2003	Figures in million	Notes	2003	2002
SA Rands				US Dollars	
		The net profit has been adjusted by the following to arrive at headline earnings and adjusted headline earnings:			
3,444	2,331	Net profit		312	332
293	221	Amortisation of goodwill	18, 19, 33	29	28
–	327	Impairment of mining assets	17	44	–
145	(75)	(Profit) loss on disposal of assets and subsidiaries	12	(10)	13
–	(331)	Profit on disposal of investments	13	(45)	–
(2)	–	Termination of retirement benefit plans		–	–
40	(94)	Taxation on exceptional items	14	(12)	3
3,920	2,379	Headline earnings		318	376
(101)	(476)	Unrealised non-hedge derivatives and marked-to-market of debt financial instruments		(69)	(12)
35	230	Deferred tax on unrealised non-hedge derivatives	14	33	4
3,854	2,133	Adjusted headline earnings		282	368
		Earnings per ordinary share (cents)	15		
1,552	1,046	Basic		140	150
1,545	1,042	Diluted		139	149
1,767	1,068	Headline		143	169
1,737	957	Adjusted headline		127	166
1,350	710	Dividends declared per ordinary share (cents)	16	101	146
1.3	1.3	Dividend cover based on adjusted headline earnings		1.3	1.1

Group balance sheet

as at 31 December 2003

2002	2003	Figures in million	Notes	2003	2002
SA Rands				US Dollars	
Assets					
Non-current assets					
19,555	18,427	Mining assets	17	2,764	2,280
3,210	2,749	Goodwill	18	412	374
165	47	Investments in associates	19	7	19
197	62	Other investments	20	9	23
275	352	AngloGold Environmental Rehabilitation Trust	22	53	32
466	667	Other non-current assets	23	101	55
549	630	Derivatives	37	94	64
24,417	22,934			3,440	2,847
Current assets					
1,848	2,050	Inventories	24	307	216
2,190	1,461	Trade and other receivables	25	219	255
3,544	3,367	Cash and cash equivalents	26	505	413
3	59	Current portion of other non-current assets	23	9	–
1,996	2,515	Derivatives	37	377	233
9,581	9,452			1,417	1,117
33,998	32,386	Total assets		4,857	3,964
Equity and liabilities					
12,375	10,852	Shareholders' equity ⁽¹⁾		1,628	1,443
347	354	Minority interests		53	40
12,722	11,206			1,681	1,483
Non-current liabilities					
7,219	5,383	Borrowings	28	807	842
2,008	1,832	Provisions	29	275	234
3,445	3,986	Deferred taxation	30	598	402
2,028	2,194	Derivatives	37	329	236
14,700	13,395			2,009	1,714
Current liabilities					
719	2,340	Current portion of borrowings	28	351	84
2,145	2,339	Trade and other payables	31	350	250
1,124	164	Taxation		25	131
2,588	2,942	Derivatives	37	441	302
6,576	7,785			1,167	767
33,998	32,386	Total equity and liabilities		4,857	3,964

⁽¹⁾ Shareholders' equity is analysed in the statement of changes in shareholders' equity (see pages 80 and 81).

Group cash flow statement

for the year ended 31 December 2003

2002	2003	Figures in million	Notes	2003	2002
SA Rands				US Dollars	
19,020	15,712	Cash flows from operating activities			
(10,765)	(11,185)	Cash receipts from customers		2,075	1,808
		Cash paid to suppliers and employees		(1,483)	(1,050)
8,255	4,527	Cash generated from operations	33	592	758
331	245	Interest received		33	32
(169)	(232)	Environmental contributions and expenditure		(31)	(16)
19	9	Dividends received from associates	19	1	2
(410)	(291)	Finance costs		(40)	(40)
–	681	Recoupments tax received: Free State assets		91	–
–	(681)	Recoupments tax paid: Free State assets		(91)	–
(1,376)	(780)	Taxation paid		(102)	(131)
6,650	3,478	Net cash inflow from operating activities		453	605
		Cash flows from investing activities⁽¹⁾			
(1,844)	(1,622)	Capital expenditure	17		
(998)	(1,122)	– to expand operations		(215)	(176)
11	38	– to maintain operations		(148)	(95)
1,544	–	Proceeds from disposal of mining assets		6	1
		Net proceeds from disposal of mines	34	–	140
1,813	–	Proceeds		–	164
(269)	–	Contractual obligations		–	(24)
(355)	(8)	Other investments acquired		(1)	(34)
1,829	423	Proceeds from disposal of investments		56	158
(1,060)	–	Acquisition of shares		–	(105)
–	8	Disposal of subsidiary	34	1	–
(51)	(133)	Loans advanced		(19)	(5)
175	29	Repayment of loans advanced		4	17
(749)	(2,387)	Net cash outflow from investing activities		(316)	(99)
		Cash flows from financing activities			
156	63	Proceeds from issue of share capital		10	18
(116)	(2)	Share issue expenses		–	(11)
8,599	2,678	Proceeds from borrowings		362	798
(9,789)	(1,241)	Repayment of borrowings		(165)	(912)
(2,821)	(2,476)	Dividends paid		(314)	(260)
(3,971)	(978)	Net cash outflow from financing activities		(107)	(367)
1,930	113	Net increase in cash and cash equivalents		30	139
81	58	Cash in the subsidiary acquired ⁽¹⁾		9	8
(751)	(348)	Translation		53	75
2,284	3,544	Cash and cash equivalents at beginning of year		413	191
3,544	3,367	Cash and cash equivalents at end of year	26	505	413

⁽¹⁾ Where the presentation or classification of an item has been amended, comparative amounts have been reclassified to ensure comparability with the current period. The amendments have been made to provide the users of the financial statements with additional information.

Group statement of changes in shareholders' equity

for the year ended 31 December 2003

Figures in million	Ordinary share capital	Share premium	Non-distributable reserves ⁽¹⁾	Foreign currency translation	Other comprehensive income ⁽²⁾	Retained earnings	Shareholders' equity
US Dollars							
Balance at 31 December 2001	4	677	12	250	(88)	262	1,117
Net profit						332	332
Dividends (note 16)						(251)	(251)
Ordinary shares issued	–	140					140
Net loss on cash flow hedges removed from equity and reported in income					61		61
Net loss on cash flow hedges					(105)		(105)
Deferred taxation on cash flow hedges					(29)		(29)
Net gain on available-for-sale financial assets					7		7
Acquisition of shares					(3)		(3)
Transfer from non-distributable reserves			(1)			1	–
Translation	3	296	5	(207)	(28)	105	174
Balance at 31 December 2002	7	1,113	16	43	(185)	449	1,443
Net profit						312	312
Dividends (note 16)						(296)	(296)
Ordinary shares issued		10					10
Net loss on cash flow hedges removed from equity and reported in income					47		47
Net loss on cash flow hedges					(142)		(142)
Deferred taxation on cash flow hedges					7		7
Net gain on available-for-sale financial assets					15		15
Net gain on available-for-sale financial assets removed from equity and reported in income					(22)		(22)
Net gain on repayment of net investment				–			–
Translation	1	319	5	(156)	(27)	112	254
Balance at 31 December 2003	8	1,442	21	(113)	(307)	577	1,628
Notes	27	27					

Figures in million	Ordinary share capital	Share premium	Non-distributable reserves ⁽¹⁾	Foreign currency translation	Other comprehensive income ⁽²⁾	Retained earnings	Shareholders' equity
SA Rands							
Balance at 31 December 2001	54	8,086	143	2,999	(1,057)	3,132	13,357
Net profit						3,444	3,444
Dividends (note 16)						(2,728)	(2,728)
Ordinary shares issued	2	1,465					1,467
Net loss on cash flow hedges removed from equity and reported in income					644		644
Net loss on cash flow hedges					(1,102)		(1,102)
Deferred taxation on cash flow hedges					(304)		(304)
Net gain on available-for-sale financial assets					60		60
Acquisition of shares					(26)		(26)
Transfer from non-distributable reserves			(5)			5	–
Translation				(2,639)	202		(2,437)
Balance at 31 December 2002	56	9,551	138	360	(1,583)	3,853	12,375
Net profit						2,331	2,331
Dividends (note 16)						(2,336)	(2,336)
Ordinary shares issued		61					61
Net loss on cash flow hedges removed from equity and reported in income					375		375
Net loss on cash flow hedges					(956)		(956)
Deferred taxation on cash flow hedges					(38)		(38)
Net gain on available-for-sale financial assets					114		114
Net gain on available-for-sale financial assets removed from equity and reported in net income					(174)		(174)
Net gain on repayment of net investment				3			3
Translation				(1,118)	215		(903)
Balance at 31 December 2003	56	9,612	138	(755)	(2,047)	3,848	10,852
Notes	27	27					

⁽¹⁾ Non-distributable reserves comprise a surplus on disposal of company shares of \$21m, R141m and a negative foreign equity reserve of \$nil, R3m.

⁽²⁾ Other comprehensive income represents the effective portion of fair value gains or losses in respect of cash flow hedges and fair value gains (losses) on available-for-sale financial assets until the underlying transaction occurs, upon which the gains or losses are recognised in earnings.

Notes to the group financial statements

for the year ended 31 December 2003

1. Accounting policies

The financial statements are prepared according to the historical cost accounting convention, as modified by the revaluation of certain financial instruments to fair value. The group's accounting policies as set out below are consistent in all material respects with those applied in the previous year. These accounting policies conform with International Financial Reporting Standards (IFRS) and South African Statements of Generally Accepted Accounting Practice.

AngloGold presents its consolidated financial statements in US Dollars. The group's presentation currency is US Dollars since the majority of its sales are in US Dollars. The measurement currency of the various entities within the group depends on where the entity operates and reflects the economic substance of the underlying events and circumstances of that entity.

The following method of translation has been used:

- equity items other than net profit at the closing rate on each balance sheet date;
- assets and liabilities at the closing rate on each balance sheet date;
- income, expenses and cash flows at the average exchange rate; and
- resulting exchange differences are included in equity.

To assist investors in South Africa, amounts have also been disclosed in SA Rands. This is supplementary to the information required by IFRS. AngloGold the company, measures and presents its results in SA Rands.

Basis of consolidation

The group financial statements incorporate the financial statements of the company, its subsidiaries and its proportionate interest in joint ventures.

The financial statements of subsidiaries and joint ventures are prepared for the same reporting period as the holding company, using the same accounting policies.

Where an investment in a subsidiary or a joint venture is acquired or disposed of during the financial year, its results are included from or to, the date control became, or ceased to be, effective.

All intra-group transactions and balances are eliminated on consolidation. Unearned profits that arise between group entities are eliminated.

Foreign entities

Assets and liabilities (both monetary and non-monetary) of foreign entities are translated at the closing rate. Income statement items are translated at an average rate of exchange for the period. Exchange differences are taken directly to a foreign currency translation reserve.

Acquisition and goodwill arising thereon

Where an investment in a subsidiary, joint venture or an associate is made, any excess of the purchase price over the fair value of the attributable mineral reserves and net assets is recognised as goodwill. Goodwill which represents resources, is amortised on a systematic basis which recognises the depletion of resources over the lesser of the life of the mine or 20 years.

The unamortised balance is reviewed on a regular basis and, if impairment in the value has occurred, it is written off in the period in which the circumstances are identified.

Goodwill in respect of subsidiaries and proportionately consolidated joint ventures is disclosed as goodwill. Goodwill relating to associates is included within the carrying value of the investment in associates.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate.

Joint ventures

A joint venture is an entity in which the group holds a long-term interest and which is jointly controlled by the group and one or more other venturers under a contractual arrangement. The group's interest in a jointly controlled entity is accounted for by proportionate consolidation.

Associates

The equity method of accounting is used for an investment over which the group exercises significant influence and normally owns between 20% and 50% of the voting equity. Associates are equity accounted from the effective dates of acquisition to the effective dates of disposal.

Results of associates are equity accounted from their most recent audited annual financial statements or unaudited interim financial statements. Any losses of associates are brought to account in the consolidated financial statements until the investment in such associates is written down to a nominal amount.

Thereafter, losses are accounted for only insofar as the group is committed to providing financial support to such associates.

The carrying values of the investments in associates represent the cost of each investment, including unamortised goodwill, the share of post-acquisition retained earnings and losses and any other movements in reserves. The carrying value of associates is reviewed on a regular basis and if any impairment in value has occurred, it is written off in the period in which these circumstances are identified.

Mining assets

Mining assets are recorded at cost less accumulated amortisation and impairments. Cost includes pre-production expenditure incurred during the development of a mine and the present value of future decommissioning costs. Cost also includes finance charges capitalised during the construction period where such expenditure is financed by borrowings.

Mine development costs

Capitalised mine development costs include expenditure incurred to develop new orebodies, to define further mineralisation in existing orebodies, to expand the capacity of a mine and to maintain production. Where funds have been borrowed specifically to finance a project, the amount of interest capitalised represents the actual borrowing costs incurred.

Mine development costs are amortised using the units-of-production method based on estimated proved and probable mineral reserves. Amortisation is first charged on new mining ventures from the date it is capable of commercial production.

Proved and probable mineral reserves reflect estimated economically recoverable quantities which can be recovered in future from known mineral deposits.

Stripping costs incurred in open-pit operations during the production phase to remove additional waste are charged to operating costs on the basis of the average life of mine stripping ratio and the average life of mine costs per tonne. The average stripping ratio is calculated as the number of tonnes of waste material expected to be removed during the life of mine per tonne of ore mined. The average life of mine cost per tonne is calculated as the total expected costs to be incurred to mine the orebody divided by the number of tonnes expected to be mined. The average life of mine stripping ratio and the

average life of mine cost per tonne is recalculated annually in the light of additional knowledge and changes in estimates. Thus, the cost of stripping in any period will be reflective of the average stripping rates for the orebody as a whole.

Mine infrastructure

Plant, equipment and buildings are amortised using the lesser of their useful life or units-of-production method based on estimated proved and probable mineral reserves.

Land

Land is not depreciated.

Mineral rights, dumps and ore reserves

Mineral rights are amortised using the units-of-production method based on estimated proved and probable Mineral Reserves.

Dumps are amortised over the period of treatment.

Ore Reserves are measured mining resources which, when proved and probable, are transferred to mine development costs and amortised from the date on which commercial production begins.

If there is an indication that the recoverable amount of any of the above assets is less than the carrying value, the recoverable amount is estimated and an allowance is made for the impairment in value.

Borrowing costs

Interest on borrowings relating to the financing of major capital projects under construction is capitalised during the construction phase as part of the cost of the project. Other borrowing costs are expensed as incurred.

Leased assets

Assets subject to finance leases are capitalised at cost with the related lease obligation recognised at the same amount. Capitalised leased assets are depreciated over the shorter of their estimated useful lives and the lease term. Finance lease payments are allocated, using the effective interest rate method, between the lease finance cost, which is included in finance costs, and the capital repayment, which reduces the liability to the lessor.

Operating lease rentals are charged against operating profits in a systematic manner related to the period of use of the assets concerned.

Notes to the group financial statements

for the year ended 31 December 2003

Research and exploration expenditure

Research and exploration expenditure is expensed in the year in which it is incurred. When it has been determined that a mineral property can be economically developed, all further pre-production expenditure incurred to develop such property is capitalised. Capitalisation of pre-production expenditure ceases when the mining property is capable of commercial production.

Inventories

Inventories are valued at the lower of cost and net realisable value after appropriate allowances for redundant and slow moving items. Cost is determined on the following bases:

- gold in process is valued at the average total production cost at the relevant stage of production;
- gold on hand is valued on an average total production cost method;
- ore stockpiles are valued at the average moving cost of mining and stockpiling the ore;
- by-products, which include uranium oxide and sulphuric acid are valued on an average total production cost method; and
- consumable stores are valued at average cost.

A portion of the related depreciation, depletion and amortisation charge is included in the cost of inventory.

Provisions

Provisions are recognised when the group has a present obligation, whether legal or constructive, as a result of a past event for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Employee benefits

The group operates post-retirement medical aid benefit plans, a number of defined contribution pension plans and a defined benefit pension plan.

Defined contribution plans

Contributions to defined contribution pension and provident funds in respect of services during that year are recognised as an expense in that year.

Defined benefit plan

The cost of providing benefits to the defined benefit pension plan is determined using the projected unit credit actuarial valuation method. The current service cost in respect of the defined benefit plan is recognised as an expense in the current year. Actuarial gains and losses are recognised as an expense or income systematically over the expected remaining service period of employees participating in the plan where the cumulative amount of such gains and losses exceeds 10% of the greater of the fair value of the plan assets and the present value of the defined benefit obligation.

Post-retirement medical aid obligation

The cost of post-retirement benefits are made up of those obligations which the group has towards current and retired employees.

The entitlement to these benefits for current employees is dependent upon the employee remaining in service until retirement age. The cost of providing benefits to the post-retirement medical benefit plan is determined using the projected unit credit actuarial valuation method. Actuarial gains and losses arising in the plan are recognised as income or expense over the expected average remaining service lives of employees participating in the plan where the cumulative amount of such gains and losses exceeds 10% of the greater of the fair value of the plan assets and the present value of the defined benefit obligation.

Environmental expenditure

Long-term environmental obligations comprising decommissioning and restoration are based on the group's environmental management plans, in compliance with the current environmental and regulatory requirements.

Decommissioning costs

The provision for decommissioning represents the cost that will arise from rectifying damage caused before production commenced.

Decommissioning costs are provided at the present value of the expenditures expected to settle the obligation, using estimated cash flows based on current prices. When this provision gives access to future economic benefits, an asset is recognised and included within mining infrastructure. The unwinding of the decommissioning obligation is included in the income statement. The estimated future costs of decommissioning obligations are regularly reviewed and adjusted as appropriate for new circumstances or changes in law or technology. The

estimates are discounted at a pre-tax rate that reflects current market assessments of the time value of money.

Gains from the expected disposal of assets are not taken into account when determining the provision.

Restoration costs

The provision for restoration represents the cost of restoring site damage after the commencement of production. Increases in the provision are charged to the income statement as a cost of production.

Gross restoration costs are estimated at the present value of the expenditures expected to settle the obligation, using estimated cash flows based on current prices. The estimates are discounted at a pre-tax rate that reflects current market assessments of the time value of money.

Restoration costs are accrued and expensed over the operating life of each mine using the units-of-production method based on estimated proved and probable mineral reserves. Expenditure on ongoing restoration costs is brought to account when incurred.

Environmental Rehabilitation Trust

Annual contributions are made to the AngloGold Environmental Rehabilitation Trust, created in accordance with South African statutory requirements, to fund the estimated cost of rehabilitation during and at the end of the life of a mine. The funds that have been paid into the trust fund plus the growth in the trust fund are shown as an asset on the balance sheet.

The environmental rehabilitation obligations in respect of the non-South African operations are not funded through an established trust fund. Bank guarantees and reclamation bonds are provided for some of these liabilities.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. The following criteria must also be present:

- the sale of mining products is recognised when the significant risks and rewards of ownership of the products are transferred to the buyer;
- dividends are recognised when the right to receive payment is established; and
- interest is recognised on a time proportion basis,

taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the group.

Deferred taxation

Deferred taxation is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and future taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at current tax rates.

Financial instruments

Financial instruments recognised on the balance sheet include investments, loans receivable, trade and other receivables, cash and cash equivalents, borrowings, derivatives and trade and other payables.

Financial instruments are initially measured at cost, including transaction costs, when the group becomes a party to their contractual arrangements. The subsequent measurement of financial instruments is dealt with below.

A financial instrument or a portion of a financial instrument will be derecognised and a gain or loss recognised when the company loses the contractual rights or extinguishes the obligation associated with such an instrument.

On derecognition of a financial asset, the difference between the proceeds received or receivable and the carrying amount of the asset is included in income.

On derecognition of a financial liability the difference between the carrying amount of the liability extinguished or transferred to another party and the amount paid for is included in income.

Notes to the group financial statements

for the year ended 31 December 2003

Derivatives

The group enters into derivatives to ensure a degree of price certainty and to guarantee a minimum revenue on a portion of the future planned gold production of its mines.

IAS39 (AC133) requires that derivatives be treated as follows:

- Commodity based (normal purchase or normal sale) contracts that meet the requirements of IAS39 are recognised in earnings when they are settled by physical delivery.
- Where the conditions in IAS39 for special hedge accounting are met the derivative is recognised on the balance sheet as either a derivative asset or derivative liability and recorded at fair value. The group enters into cash flow hedges whereby the effective portion of fair value gains or losses are recognised in equity (other comprehensive income) until the underlying transaction occurs, then the gains or losses are recognised in earnings or included in the initial measurement of the asset or liability. The ineffective portion of fair value gains and losses is reported in earnings in the period to which they relate.
- All other derivatives are subsequently measured at their estimated fair value, with the changes in estimated fair value at each reporting date being reported in earnings in the period to which it relates.

The estimated fair values of derivatives are determined at discrete points in time based on the relevant market information. These estimates are calculated with reference to the market rates using industry standard valuation techniques.

Investments

Listed investments, other than investments in subsidiaries, joint ventures and associates, are subsequently measured at fair value, which is calculated by reference to the quoted selling price at the close of business on the balance sheet date. Unlisted

investments are shown at fair value, or at cost where fair value cannot be reliably measured. Investments in subsidiaries, joint ventures and associates are carried at cost in the investor's separate financial statements.

Investments classified as available-for-sale financial assets are subsequently measured at fair value, with changes in fair value recognised in equity (other comprehensive income) in the period in which they arise. These amounts are removed from equity and reported in income when the asset is derecognised or when there is evidence that the asset is impaired.

Other non-current assets

Other non-current assets are subsequently measured at amortised cost using the effective interest rate method.

Trade and other receivables

Trade and other receivables originated by the group are subsequently measured at amortised cost less allowance for doubtful debts.

Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value and are subsequently measured at cost.

Impairment of financial assets

At each balance sheet date an assessment is made of whether there is any evidence of impairment of financial assets. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss recognised in income for the difference between the recoverable amount and the carrying amount.

Financial liabilities

Financial liabilities, other than trading financial liabilities and derivatives, are subsequently measured at amortised cost being the original obligation less principal payments and amortisations. Trading financial liabilities and derivatives are subsequently measured at fair value.

2. Segmental information

Based on risks and returns the directors consider that the primary reporting format is by business segment. The directors consider that there is only one business segment being mining, extraction and production of gold. Therefore the disclosures for the primary segment have already been given in these financial statements.

The secondary reporting format is by geographical analysis by origin and destination.

Geographical analysis by origin is as follows:

	Gold income (m)		Adjusted operating profit (m)		Cash operating profit (m)		Average number ⁽¹⁾ of employees	
	2003	2002	2003	2002	2003	2002	2003	2002
US Dollars								
South Africa	1,179	930	320	389	379	450	48,078	47,602
East and West Africa	338	329	116	129	170	190	2,724	2,276
South America	227	195	93	84	142	126	3,356	2,656
Australia	157	155	28	33	53	56	540	599
North America	128	152	2	3	47	61	741	909
	2,029	1,761	559	638	791	883	55,439	54,042

SA Rands

South Africa	8,846	9,718	2,419	4,102	2,853	4,729
East and West Africa	2,535	3,428	881	1,343	1,279	1,988
South America	1,715	2,032	712	878	1,080	1,315
Australia	1,187	1,613	211	343	395	586
North America	981	1,581	6	17	361	631
	15,264	18,372	4,229	6,683	5,968	9,249

	Gold production (oz 000)		Gold production (kg)	
	2003	2002	2003	2002
South Africa	3,281	3,412	102,053	106,106
East and West Africa	981	1,085	30,509	33,754
South America	532	478	16,540	14,854
Australia	432	502	13,425	15,626
North America	390	462	12,141	14,371
	5,616	5,939	174,668	184,711

⁽¹⁾ Where the presentation or classification of an item has been amended, comparative amounts have been reclassified to ensure comparability with the current period. The amendments have been made to provide the users of the financial statements with additional information.

Notes to the group financial statements

for the year ended 31 December 2003

2. Segmental information (continued)

Figures in million	Net operating assets		Total assets		Capital expenditure	
	2003	2002	2003	2002	2003	2002
US Dollars						
South Africa	1,411	1,012	2,439	1,663	246	112
East and West Africa	425	433	741	777	26	27
South America	404	435	590	579	43	27
Australia	341	239	668	507	21	31
North America	388	403	419	438	27	74
	2,969	2,522	4,857	3,964	363	271
SA Rands						
South Africa	9,407	8,681	16,260	14,262	1,860	1,168
East and West Africa	2,835	3,709	4,940	6,661	200	287
South America	2,692	3,732	3,933	4,965	324	283
Australia	2,273	2,047	4,457	4,354	159	328
North America	2,590	3,461	2,796	3,756	201	776
	19,797	21,630	32,386	33,998	2,744	2,842

Geographical analysis by destination is as follows:

Figures in million	Gold income			
	US Dollars		SA Rands	
	2003	2002	2003	2002
South Africa	565	601	4,250	6,269
North America	271	144	2,038	1,505
Australia	115	145	867	1,508
Asia	121	–	907	–
Europe	569	437	4,280	4,560
United Kingdom	388	434	2,922	4,530
	2,029	1,761	15,264	18,372

2002	2003	Figures in million	2003	2002
SA Rands			US Dollars	
3. Revenue				
Revenue consists of the following principal categories:				
18,372	15,264	Gold income (note 2)	2,029	1,761
522	373	Sale of uranium, silver and sulphuric acid	49	50
373	285	Interest receivable (note 6)	38	36
19,267	15,922		2,116	1,847
4. Cost of sales				
9,812	9,473	Cash operating costs	1,260	939
291	255	Other cash costs	34	28
10,103	9,728	Total cash costs	1,294	967
30	27	Retrenchment costs (note 11)	4	3
119	97	Rehabilitation and other non-cash costs	13	12
10,252	9,852	Production costs	1,311	982
2,566	1,739	Amortisation of mining assets (notes 10, 17 and 33)	232	245
12,818	11,591	Total production costs	1,543	1,227
(268)	(133)	Increase in inventories	(17)	(24)
12,550	11,458		1,526	1,203
5. Exploration costs				
532	477	Expenditure incurred during the year	63	51
(236)	(194)	Expenditure transferred to mining assets	(25)	(23)
296	283		38	28
6. Investment income				
Investment income consists of the following principal categories:				
373	285	Interest receivable (notes 3 and 33)	38	36
37	12	Profit from associates after taxation (note 19)	2	4
36	32	Growth in AngloGold Environmental Rehabilitation Trust (note 22)	4	3
446	329		44	43
7. Other net expenses				
Other net expenses consist of the following principal categories:				
(45)	(23)	Foreign exchange loss on transactions other than sales	(3)	(4)
(30)	(4)	Loss on disposal of assets	-	(3)
(49)	(101)	Post-retirement medical expenses for disposed mines and medical aid shortfall subsidies	(12)	(5)
-	(17)	Additional retirement provisions	(2)	-
(124)	(145)		(17)	(12)
(40)	(22)	Unwinding of decommissioning obligation (note 29)	(4)	(4)
(164)	(167)		(21)	(16)

Notes to the group financial statements

for the year ended 31 December 2003

2002	2003	Figures in million	2003	2002
SA Rands			US Dollars	
		8. Finance costs		
377	231	Finance costs on bank loans and overdrafts	30	36
–	73	Finance costs on corporate bond	11	–
87	58	Other	8	8
464	362	(Note 33)	49	44
		No interest was capitalised during the year (2002: \$nil)		
		9. Abnormal items		
–	214	Abnormal items consist of the following items:		
–	(46)	Provision for post-retirement medical liability	33	–
–	(46)	Reversal of over-provisions in decommissioning (note 29)	(7)	–
102	–	Reversal of over-provision in restoration (note 29)	(7)	–
102	122	Mondi settlement of claim	–	10
47	59	Abnormal items before taxation	19	10
–	120	Taxation		
–	98	– Current taxation on foreign exchange losses on borrowings (note 14)	8	5
–	(42)	– Deferred taxation (note 14)	19	–
–	64	– provision for post-retirement medical liability	15	–
55	(57)	– over provisions in decommissioning and restoration liabilities	(6)	–
–	5	– deferred tax asset raised	10	–
55	(52)	Abnormal items after taxation	(8)	5
		Minorities interest	1	–
		Abnormal items after taxation and after minorities	(7)	5
		10. Profit before exceptional items is arrived at after taking account of:		
8	10	Auditors' remuneration ⁽¹⁾		
2	3	– Audit fees	1	1
–	1	– Non-audit fees	1	–
2	1	– Assurance services	–	–
12	15	– Tax advisory services	–	–
		– Other*	–	–
			2	1
		* Other services include services relating to financial information technology		
2,526	1,694	Amortisation of mining assets (notes 4, 17 and 33)		
40	45	Owned assets	226	241
2,566	1,739	Leased assets	6	4
46	50	Grants for educational and community development	7	4
47	48	Operating lease charges	6	5

⁽¹⁾ Where the presentation or classification of an item has been amended, comparative amounts have been reclassified to ensure comparability with the current period. The amendments have been made to provide the users of the financial statements with additional information.

2002	2003	Figures in million	2003	2002
SA Rands			US Dollars	
11. Employee benefits				
4,110	4,321	Employee benefits including executive directors' salaries, wages and other benefits	572	392
241	297	Health care and medical scheme costs		
52	66	– current medical expenses	39	23
210	268	– post-retirement medical expenses	9	5
30	27	Contributions to pension and provident plans	36	20
		Retrenchment costs (note 4)	4	3
4,643	4,979		660	443
Actuarial defined benefit plan expense analysis				
40	32	Defined benefit pension plan expense		
99	116	– current service cost	4	4
(87)	(100)	– interest cost	15	9
–	16	– expected return on plan assets	(13)	(8)
(9)	18	– recognised past service cost	2	–
		– actuarial loss (gain)	3	(1)
10	3	Defined benefit post-retirement medical expense		
72	90	– current service cost	–	1
–	134	– interest cost	12	7
(3)	–	– recognised past service cost	18	–
(153)	–	– actuarial gain	–	–
		– curtailment	–	(15)
(31)	309		41	(3)
6	120	Actual return on plan assets		
		Defined benefit pension plan (note 32)	16	1
Refer to directors' report for details of directors' emoluments				
12. Profit (loss) on disposal of assets and subsidiaries				
–	82	Disposal of Jerritt Canyon Joint Venture (note 34)	10	–
(145)	–	Disposal of Free State operations (note 34)	–	(13)
–	(7)	Other	–	–
(145)	75		10	(13)

Notes to the group financial statements

for the year ended 31 December 2003

2002	2003	Figures in million	2003	2002
SA Rands			US Dollars	
13. Profit on disposal of investments				
–	18	Profit on sale of Queenstake Resources USA Inc shares	3	–
–	189	Profit on sale of shares in East African Gold Mines	25	–
–	125	Gain on disposal of available-for-sale financial assets – Randgold Resources Limited	17	–
–	(1)	Other	–	–
–	331	(Note 33)	45	–
<p>On 8 July 2003, AngloGold disposed of its entire investment of 8,348,600 shares held in East African Gold Mines Limited for a consideration of \$25m, R189m.</p> <p>In the second half of 2003, AngloGold disposed of 952,481 shares in Randgold Resources Limited, for a consideration of \$23m, R170m.</p> <p>AngloGold disposed of its entire interest in Queenstake Resources USA Inc during November 2003, realising a profit of \$3m, R18m. This interest was acquired as part of the sales consideration for Jerritt Canyon.</p>				
14. Taxation⁽¹⁾				
Current taxation				
373	27	Mining taxation	3	32
879	450	Non-mining taxation	57	88
41	30	Under provision prior year	4	3
68	40	Secondary tax on companies	5	6
(47)	(59)	Abnormal taxation (note 9)	(8)	(5)
–	38	Exceptional items	6	–
688	–	– capital gains tax	–	63
(78)	–	– recouplements tax on Free State disposal (note 34)	–	(10)
–	–	– mining tax on Free State operating loss	–	–
1,924	526		67	177
Deferred taxation				
341	576	Current	79	34
35	230	Unrealised non-hedge derivatives	33	4
–	(120)	Abnormal taxation (note 9)	(19)	–
–	(132)	Exceptional items	(18)	–
–	–	– impairment	–	–
(570)	–	– disposal of Free State operations	–	(50)
(194)	554	(Note 30)	75	(12)
1,730	1,080		142	165

2003

2002

14. Taxation⁽¹⁾(continued)**Tax reconciliation**

A reconciliation of the marginal South African tax rate compared with that charged in the income statement is set out in the following table:

	%	
Marginal tax rate	46	46
Disallowable expenditure	5	4
Goodwill amortised	2	2
Taxable non-mining income	(3)	(3)
Mining capital allowances	–	(1)
Mining tax formula adjustment	2	2
Dividends received	(4)	(5)
Foreign income tax allowances	(14)	(14)
Previously unrecognised tax assets	(1)	–
Other	(3)	1
Effective tax rate	30	32

The unutilised tax losses of the North American operations which are available for offset against future profits earned in the USA, amount to \$209m, R1,394m (2002: \$182m, R1,561m).

The unutilised tax losses of the South American operations which are available for offset against future profits earned in these countries, amount to \$67m, R449m (2002: \$86m, R738m).

Analysis of tax losses

No assessed losses were utilised during the year. The above unutilised tax losses totalling \$276m, R1,843m will be utilised in excess of five years against future profits.

⁽¹⁾ Where the presentation or classification of an item has been amended, comparative amounts have been reclassified to ensure comparability with the current period. The amendments have been made to provide the users of the financial statements with additional information.

Notes to the group financial statements

for the year ended 31 December 2003

2002	2003	Figures in million	2003	2002
SA Rands			US Dollars	
		15. Earnings per ordinary share		
1,552	1,046	Basic The calculation of basic earnings per ordinary share is based on net profit of \$312m, R2,331m (2002: \$332m, R3,444m) and 222,836,574 (2002:221,883,567) shares being the weighted average number of ordinary shares in issue during the financial year.	140	150
1,767	1,068	Headline Headline earnings removes items of a capital nature from the calculation of earnings per share. The calculation of headline earnings per ordinary share is based on headline earnings of \$318m, R2,379m (2002: \$376m, R3,920m) and 222,836,574 (2002: 221,883,567) shares being the weighted average number of ordinary shares in issue during the financial year.	143	169
1,737	957	Adjusted headline earnings This calculation is based on adjusted headline earnings of \$282m, R2,133m (2002: \$368m, R3,854m) and 222,836,574 (2002: 221,883,567) shares being the weighted average number of ordinary shares in issue during the financial year.	127	166
1,545	1,042	Diluted The calculation of diluted earnings per ordinary share is based on net profit of \$312m, R2,331m (2002: \$332m, R3,444m) and 223,717,575 (2002: 222,899,926) shares being the diluted number of ordinary shares. The weighted average number of shares has been adjusted by the following to arrive at the diluted number of ordinary shares:	139	149
		Weighted average number of shares	222,836,574	221,883,567
		Dilutive potential of share options	881,001	1,016,359
		Diluted number of ordinary shares	223,717,575	222,899,926

2002	2003	Figures in million	2003	2002
SA Rands			US Dollars	

16. Dividends

Ordinary shares

No. 91 of 550 SA cents per ordinary share declared on 30 January 2002 and paid on 4 March 2002 (49 US cents per share).

No. 92 of 675 SA cents per ordinary share declared on 30 July 2002 and paid on 30 August 2002 (64 US cents per share).

No. 93 of 675 SA cents per ordinary share declared on 30 January 2003 and paid on 28 February 2003 (82 US cents per share).

No. 94 of 375 SA cents per ordinary share declared on 30 July 2003 and paid on 29 August 2003 (51 US cents per share).

1,223	1,500		183	109
1,505	836		113	142
2,728	2,336		296	251

No. 95 of 335 SA cents per ordinary share was declared on 29 January 2004 and paid on 27 February 2004 (50 US cents per share).

17. Mining assets

	Mine development costs	Mine infrastructure	Mineral rights, dumps and ore reserves	Land	Total
Figures in million					
US Dollars					
Cost					
Balance at beginning of year	2,046	1,379	301	15	3,741
Additions					
– expand operations	150	23	42	–	215
– maintain operations	74	74	–	–	148
Disposals	(38)	(9)	(1)	–	(48)
Acquisition and disposals – subsidiaries (note 34)	(86)	(37)	–	–	(123)
Transfers and other movements	(10)	29	1	–	20
Translation	408	175	38	–	621
Balance at end of year	2,544	1,634	381	15	4,574
Accumulated amortisation					
Balance at beginning of year	715	700	46	–	1,461
Amortisation charge for the year (notes 4, 10 and 33)	109	99	24	–	232
Impairments (note 33)	25	9	10	–	44
Disposals	(16)	(8)	–	–	(24)
Acquisition and disposals – subsidiaries (note 34)	(79)	(41)	–	–	(120)
Transfers and other movements	(16)	3	(12)	–	(25)
Translation	131	111	–	–	242
Balance at end of year	869	873	68	–	1,810
Net book value at 31 December 2003	1,675	761	313	15	2,764
Net book value at 31 December 2002	1,331	679	255	15	2,280

Notes to the group financial statements

for the year ended 31 December 2003

17. Mining assets (continued)

	Mine development costs	Mine infrastructure	Mineral rights, dumps and ore reserves	Land	Total
Figures in million					
SA Rands					
Cost					
Balance at beginning of year	17,504	11,829	2,630	124	32,087
Additions					
– expand operations	1,125	177	320	–	1,622
– maintain operations	568	555	–	(1)	1,122
Disposals	(285)	(70)	(5)	–	(360)
Acquisition and disposals – subsidiaries (note 34)	(660)	(287)	–	(3)	(950)
Transfers and other movements	(74)	217	4	–	147
Translation	(1,216)	(1,521)	(411)	(16)	(3,164)
Balance at end of year	16,962	10,900	2,538	104	30,504
Accumulated amortisation					
Balance at beginning of year	6,131	6,001	400	–	12,532
Amortisation charge for the year (notes 4, 10 and 33)	820	742	177	–	1,739
Impairments (note 33)	183	70	73	1	327
Disposals	(123)	(63)	–	–	(186)
Acquisition and disposals – subsidiaries (note 34)	(605)	(311)	–	–	(916)
Transfers and other movements	(119)	24	(89)	–	(184)
Translation	(490)	(637)	(108)	–	(1,235)
Balance at end of year	5,797	5,826	453	1	12,077
Net book value at 31 December 2003	11,165	5,074	2,085	103	18,427
Net book value at 31 December 2002	11,373	5,828	2,230	124	19,555

Included in the amounts above for mine infrastructure are assets held under finance leases with a net book value of \$21m, R143m (2002: \$25m, R212m).

Mining assets with a carrying value of \$161m, R1,076m (2002: \$254m, R2,180m) are encumbered by project finance (note 28).

2002	2003	Figures in million	2003	2002
SA Rands			US Dollars	
17. Mining assets (continued)				
Australia				
-	72	The impairment of various exploration assets based on the net realisable value.	9	-
South Africa				
-	247	Savuka based on the value in use and the relevant discount rate. The impairment loss arose from the declining values of the remaining ore reserves.	34	-
South America				
-	8	Impairment of equipment based on value in use.	1	-
-	327		44	-

On 18 September 2003, AngloGold announced that agreement had been reached with Gold Fields Limited (Gold Fields) regarding the acquisition by AngloGold of a mining area of Gold Fields' Driefontein mine adjacent to TauTona, known as 1C11, for a cash consideration of \$48m, R315m. The agreement has been approved by the Competition Authorities in terms of the Competition Act, 89 of 1988, and has been included in additions to mining assets.

18. Goodwill

Cost				
5,726	4,241	Balance at beginning of year	494	479
(1,485)	(430)	Translation	77	15
4,241	3,811	Balance at end of year	571	494
Accumulated amortisation				
1,074	1,031	Balance at beginning of year	120	90
289	216	Amortisation (note 33)	28	28
(332)	(185)	Translation	11	2
1,031	1,062	Balance at end of year	159	120
3,210	2,749	Net book value	412	374

Notes to the group financial statements

for the year ended 31 December 2003

2002	2003	Figures in million	2003	2002
SA Rands			US Dollars	
19. Investments in associates				
The group has the following associated undertakings:				
– A 53.03% (2002: 53.03%) interest in Rand Refinery Limited, which is involved in the refining of bullion and by-products which are sourced inter alia from South Africa and foreign gold producing mining companies. The interest in Rand Refinery Limited has been consolidated from 31 December 2003 as AngloGold controls the financial and operating policies of this company. Prior to this date, Rand Refinery was equity accounted. The year-end of Rand Refinery Limited is 30 September. The results were equity accounted for 2003 and are based on the result for the 12 months ended 30 September 2003.				
– A 26.6% (2002: 25.0%) interest in Oro Group (Proprietary) Limited which is involved in the manufacture and wholesale of jewellery. The year end of Oro Group (Proprietary) Limited is 31 March. Equity accounting is based on the results for the twelve months ended 30 September 2003.				
Carrying value of associates consists of:				
84	84	Unlisted shares at cost	10	10
67	81	Share of retained earnings brought forward	8	6
37	12	Profit after taxation (note 6)	2	4
(19)	(9)	Dividends	(1)	(2)
–	(116)	Rand Refinery Limited became a subsidiary with effect from 31 December 2003	(17)	–
(4)	(5)	Amortisation of goodwill (note 33)	(1)	–
–	–	Translation	6	1
165	47	Carrying value	7	19
165	47	Directors' valuation of unlisted associates	7	19
The carrying value of the investment can be summarised as follows:				
84	55	Investment at cost	7	10
81	(8)	Share of retained earnings	–	9
165	47		7	19
The group's effective share of certain balance sheet items of its associates is as follows:				
88	13	Non-current assets	2	10
145	47	Current assets	7	17
233	60	Total assets	9	27
32	24	Non-current liabilities	4	4
73	22	Current liabilities	3	8
105	46	Total equity and liabilities	7	12
128	14	Net assets	2	15
Reconciliation of the carrying value of investments in associates with net assets:				
128	14	Net assets	2	15
37	33	Goodwill	5	4
165	47	Carrying value	7	19

2002	2003	Figures in million	2003	2002
SA Rands			US Dollars	
20. Other investments				
Listed investments				
131	110	Balance at beginning of year	13	11
1,757	2	Additions	–	152
(1,824)	(246)	Disposals	(33)	(158)
–	34	Acquisitions and disposals – subsidiaries (note 34)	5	–
60	114	Fair value adjustment	15	7
(14)	(13)	Translation	–	1
110	1	Balance at end of year	–	13
110	1	Market value of listed investments	–	13
Unlisted investments				
75	37	Balance at beginning of year	4	6
1	6	Additions	1	–
(15)	(6)	Disposals	(1)	(1)
(1)	–	Fair value adjustment	–	–
–	(13)	Write-off of investments	(2)	–
(23)	(2)	Translation	1	(1)
37	22	Balance at end of year	3	4
37	22	Directors' valuation of unlisted investments	3	4
Investment properties				
69	50	Balance at beginning of year	6	6
(19)	(11)	Translation	–	–
50	39	Balance at end of year	6	6
50	39	Directors' valuation of investment properties	6	6
197	62	Total other investments	9	23
197	62	Total valuation (note 37)	9	23
21. Interest in joint ventures⁽¹⁾				
The group's effective share of income, expenses, assets, liabilities and cash flows of joint ventures, which are included in the consolidated financial statements, are as follows:				
Income statement				
3,271	2,356	Gold income	312	312
(2,149)	(1,608)	Cost of sales	(213)	(205)
1,122	748	Operating profit	99	107
10	1	Financial income	–	1
(94)	(60)	Finance costs	(8)	(9)
1,038	689	Profit on ordinary activities before taxation	91	99
Balance sheet				
4,366	3,321	Non-current assets	498	509
1,218	1,320	Current assets	198	142
5,584	4,641	Total assets	696	651

⁽¹⁾ Where the presentation or classification of an item has been amended, comparative amounts have been reclassified to ensure comparability with the current period. The amendments have been made to provide the users of the financial statements with additional information.

Notes to the group financial statements

for the year ended 31 December 2003

2002	2003	Figures in million	2003	2002
SA Rands			US Dollars	
21. Interest in joint ventures⁽¹⁾ (continued)				
3,500	2,561	Shareholders' equity	384	408
		Non-current liabilities		
746	380	Interest-bearing borrowings	57	87
60	80	Provisions	12	7
317	360	Derivatives	54	37
		Current liabilities		
172	400	Interest-bearing borrowings	60	20
789	860	Other	129	92
5,584	4,641	Total equity and liabilities	696	651
Cash flow statement				
1,573	680	Cash flows from operating activities	90	150
(178)	(295)	Cash flows from investing activities	(39)	(17)
(1,258)	(574)	Cash flows from financing activities	(76)	(120)
137	(189)	Net increase in cash and cash equivalents	(25)	13
22. AngloGold Environmental Rehabilitation Trust				
460	275	Balance at beginning of year	32	38
32	45	Contributions	6	3
197	-	Additional contribution – Free State disposal	-	19
36	32	Growth in AngloGold Environmental Rehabilitation Trust (note 6)	4	3
(253)	-	Funds transferred in respect of Free State disposal (note 34)	-	(23)
(197)	-	Additional funds transferred to Free State Environmental Trust Fund	-	(19)
-	-	Translation	11	11
275	352	Balance at end of year	53	32
23. Other non-current assets				
Unsecured				
115	179	Loans to joint venture partners	27	13
326	360	Deferred purchase consideration in respect of the sale of the Free State assets	54	38
-	29	Deferred purchase consideration in respect of the sale of the Jerritt Canyon Joint Venture	4	-
28	21	Other	4	4
469	589		89	55
3	1	Less: Current portion of other non-current assets included in current assets	-	-
466	588	Total	89	55
Secured				
-	102	Deferred purchase consideration in respect of the sale of the Amapari project	15	-
-	35	Other	6	-
-	137		21	-
-	58	Less: Current portion of other non-current assets included in current assets	9	-
-	79	Total	12	-
466	667	Total non-current assets (note 37)	101	55

2002	2003	Figures in million	2003	2002
SA Rands			US Dollars	
24. Inventories				
983	971	Gold in process	146	115
23	77	Gold on hand	11	3
228	236	Ore stockpiles	35	26
111	326	By-products	49	13
1,345	1,610	Total metal inventories	241	157
503	440	Consumable stores	66	59
1,848	2,050		307	216
25. Trade and other receivables				
411	336	Trade debtors	51	48
484	320	Prepayments and accrued income	48	56
220	181	Value added taxation	27	26
688	–	Receivable in respect of the sale of the Free State assets	–	80
387	624	Other debtors	93	45
2,190	1,461	(Note 37)	219	255
26. Cash and cash equivalents				
2,900	1,456	Cash and deposits on call	218	338
644	1,911	Money market instruments	287	75
3,544	3,367	(Note 37)	505	413
27. Share capital and premium				
Share capital				
Authorised				
100	100	400,000,000 ordinary shares of 25 SA cents each	15	12
1	1	2,000,000 A redeemable preference shares of 50 SA cents each	–	–
–	–	5,000,000 B redeemable preference shares of 1 SA cent each	–	–
101	101		15	12
Issued				
56	56	223,136,342 ordinary shares of 25 SA cents each (2002: 222,622,022 ordinary shares of 25 SA cents each)	8	7
1	1	2,000,000 A redeemable preference shares of 50 SA cents each	–	–
–	–	778,896 B redeemable preference shares of 1 SA cent each	–	–
57	57		8	7
(1)	(1)	Less: A redeemable preference shares held within the group	–	–
56	56		8	7
Share premium				
9,863	9,924	Total share premium	1,495	1,166
(312)	(312)	Less: Held within the group	(53)	(53)
9,551	9,612		1,442	1,113
9,607	9,668	Share capital and premium	1,450	1,120

Notes to the group financial statements

for the year ended 31 December 2003

2002	2003	Figures in million	2003	2002
SA Rands			US Dollars	
28. Borrowings				
		Unsecured		
4,028	3,124	Syndicated loan facility (\$600m) Interest charged at LIBOR plus 0.7% per annum. Loan is repayable in February 2005 and is US Dollar-based.	469	470
–	2,052	Corporate Bond ⁽¹⁾ Semi-annual coupons are payable at 10.5% per annum, and the bond is repayable on 28 August 2008 and is ZAR-based.	308	–
2,264	1,555	Syndicated loan facility (\$400m) Interest charged at LIBOR plus 0.75% per annum. Loan is repayable in May 2004 and is US Dollar-based.	233	264
19	265	RMB International (Dublin) Limited Interest charged at LIBOR plus 0.82% per annum. Loan is of a short-term nature, has no fixed repayment date and is US Dollar-based.	40	2
87	68	Banco Europeu para a América Latina-Brussels Interest charged at LIBOR plus 1.75% per annum. Loan is repayable in monthly instalments commencing March 2004 and terminating in September 2004 and is US Dollar-based.	10	10
72	50	Australia and New Zealand Banking Group Limited Interest charged at Bank Bill Swop Reference Rate plus 0.35% per annum. Loan is repayable by September 2004 and is Australian Dollar-based.	7	9
19	14	Government of Mali Interest charged at LIBOR plus 2% per annum. There are no fixed repayment terms and the loan is US Dollar-based.	2	2
65	–	Santander Bank	–	8
52	–	Itau Bank	–	6
43	–	HSBC Bamerindus	–	5
6,649	7,128	Total unsecured borrowings	1,069	776

2002	2003	Figures in million	2003	2002
SA Rands			US Dollars	
28. Borrowings (continued)				
Secured				
441	221	Geita Syndicated Project Finance Interest charged at LIBOR plus 1.7% per annum. Loan is repayable half-yearly until 2007 and is US Dollar-based.	33	51
464	158	Cerro Vanguardia Syndicated Project Finance Interest charged at LIBOR plus 1.75% per annum. Loan is repayable in half-yearly instalments terminating in December 2004 and is US Dollar-based.	24	54
125	48	Morila Syndicated Project Finance Interest charged at LIBOR plus 2% per annum. Loan is repayable in half-yearly instalments terminating in December 2004 and is US Dollar-based.	7	15
152	99	Senstar Capital Corporation Interest charged at an average rate of 6.89% per annum. Loans are repayable in monthly instalments terminating in November 2009 and are US Dollar-based.	15	18
65	45	Rolls Royce Interest is index linked. Loan is repayable in monthly instalments terminating in December 2010 and is US Dollar-based.	7	8
29	16	Investec Interest charged at 6.5% per annum. Loan is repayable in half-yearly instalments terminating in June 2006 and is US Dollar-based.	2	3
12	8	Kudu Finance Company Interest charged at LIBOR plus 2% per annum. Loan is repayable in monthly instalments terminating in December 2010 and is US Dollar-based.	1	1
1	-	Mineral Laboratories of Australia (Pty) Limited	-	-
7,938	7,723	Total borrowings (note 37)	1,158	926
719	2,340	Less: Current portion of borrowings included in current liabilities	351	84
7,219	5,383	Total long-term borrowings	807	842
Amounts falling due				
719	2,340	Within one year	351	84
2,788	3,214	Between one and two years	482	325
4,355	2,138	Between two and five years	320	508
76	31	After five years	5	9
7,938	7,723	(Note 37)	1,158	926

Notes to the group financial statements

for the year ended 31 December 2003

2002	2003	Figures in million	2003	2002
SA Rands			US Dollars	
28. Borrowings (continued)				
Currency				
The currencies in which the borrowings are denominated are as follows:				
72	50	Australian Dollars	7	9
–	2,052	SA Rands	308	–
7,866	5,621	US Dollars	843	917
7,938	7,723		1,158	926
Undrawn Facilities				
Undrawn borrowing facilities as at 31 December 2003 are as follows:				
1,184	1,120	Syndicated loan (\$400m) – US Dollar	168	138
1,158	900	Syndicated loan (\$600m) – US Dollar	135	135
168	201	Australia and New Zealand Banking Group Limited – Australian Dollar	30	20
2,510	2,221		333	293
Geita Project Finance				
Secured by pledge over the shares in the project company.				
Cerro Vanguardia Project Finance				
Secured by a fixed and floating charge over the project assets (note 17), the major project contracts and a pledge over the shares in the project company.				
Morila Project Finance				
Secured by a fixed and floating charge over the project assets (note 17), the hedging contracts and a pledge over the shares in the project company.				
Investec				
Loan is guaranteed by AngloGold Limited.				
The equipment financed by the other secured loans is used as security for those loans.				
–	2,000	Corporate Bond ⁽¹⁾	300	–
–	20	Senior unsecured fixed rate bond	3	–
–	1,980	Less: Unamortised discount and bond issue costs	297	–
–	72	Add: Accrued interest	11	–
–	2,052		308	–

⁽¹⁾ On 21 August 2003, AngloGold launched and priced an issue of senior unsecured fixed rate bond in an aggregate principal amount of \$300m, R2,000m, with semi-annual coupons payable at a rate of 10.5% per annum. This bond will be repayable on 28 August 2008, subject to early redemption at AngloGold's option. The bond is listed on the Bond Exchange of South Africa. The net proceeds of the bond are for general corporate purposes. Included in finance costs in the income statement is \$nil, R1m for the amortisation of the bond issue costs.

The effect of the issue of the Corporate Bond on earnings per share is not material.

2002	2003	Figures in million	2003	2002															
SA Rands			US Dollars																
29. Provisions																			
Post-retirement medical funding																			
743	700	Balance at beginning of year	82	62															
(34)	–	Disposal (note 34)	–	(3)															
52	227	Charge to income statement	30	5															
(52)	(56)	Less: Utilised during the year	(8)	(5)															
(9)	(5)	Translation	26	23															
700	866	Balance at end of year	130	82															
<p>The provision for post-retirement medical funding represents the provision for health care benefits for employees and retired employees and their registered dependants. The above provision relates to the South African and North American post-retirement medical plans.</p> <p>The post-retirement benefit costs are assessed in accordance with the advice of independent professionally qualified actuaries. The actuarial method used is the projected unit credit funding method.</p> <p>The assumptions used in calculating the defined benefit post-retirement medical obligation are as follows:</p> <table border="0"> <tr> <td></td> <td></td> <td></td> <td style="text-align: center;">%</td> <td></td> </tr> <tr> <td>Discount rate</td> <td></td> <td>10.0</td> <td></td> <td>11.5</td> </tr> <tr> <td>Expected increase in health care costs</td> <td></td> <td>5.0</td> <td></td> <td>9.2</td> </tr> </table> <p>Short-term inflation rate for one year is 5.5% and 5% thereafter.</p> <p>The normal retirement age is 60 years, and fully eligible age is 55 years.</p> <p>The last valuation was performed as at 31 December 2002.</p>								%		Discount rate		10.0		11.5	Expected increase in health care costs		5.0		9.2
			%																
Discount rate		10.0		11.5															
Expected increase in health care costs		5.0		9.2															
Environmental rehabilitation obligations																			
Provision for decommissioning																			
529	405	Balance at beginning of year	47	44															
(112)	(28)	Acquisition and disposals (note 34)	(4)	(10)															
10	(2)	Change in estimates	–	1															
40	22	Unwinding of decommissioning obligation (note 7)	4	4															
–	(46)	Reversal of over-provision (note 9)	(7)	–															
(62)	(25)	Translation	9	8															
405	326	Balance at end of year	49	47															
Provision for restoration																			
1,078	800	Balance at beginning of year	93	90															
(179)	(160)	Acquisition and disposals (note 34)	(21)	(16)															
–	(46)	Reversal of over-provision (note 9)	(7)	–															
157	89	Charge to income statement	12	15															
10	5	Change in estimates	1	1															
(42)	(35)	Less: Utilised during the year	(5)	(4)															
(224)	(91)	Translation	11	7															
800	562	Balance at end of year	84	93															

Notes to the group financial statements

for the year ended 31 December 2003

2002	2003	Figures in million	2003	2002
SA Rands			US Dollars	
29. Provisions (continued)				
Other provisions				
223	103	Balance at beginning of year	12	19
10	122	Charge to income statement	16	1
(69)	(139)	Less: Utilised during the year	(18)	(8)
(61)	(8)	Translation	2	–
103	78	Balance at end of year	12	12
2,008	1,832	Total provisions	275	234
Other provisions include civil claims and medical costs arising from former employees, and retirement benefit provisions referred to in note 32.				
30. Deferred taxation				
Deferred taxation relating to temporary differences is made up as follows ⁽¹⁾ :				
Deferred taxation liabilities				
4,369	4,703	Mining assets	705	509
113	101	Inventories	15	13
45	155	Derivatives	23	5
69	114	Other	18	8
4,596	5,073		761	535
Deferred taxation assets				
589	658	Provisions	99	68
552	390	Derivatives	58	64
10	39	Other	6	1
1,151	1,087		163	133
3,445	3,986	Net deferred taxation	598	402
The movement on the deferred tax balance is as follows:				
3,423	3,445	Balance at beginning of year	402	286
(194)	554	Income statement charge (note 14)	75	(12)
415	40	Taxation of other comprehensive income	(7)	40
(40)	14	Acquisition and disposals (note 34)	2	(4)
(159)	(67)	Translation	126	92
3,445	3,986	Balance at end of year	598	402
⁽¹⁾ Where the presentation or classification of an item has been amended, comparative amounts have been reclassified to ensure comparability with the current period. The amendments have been made to provide the users of the financial statements with additional information.				
31. Trade and other payables				
698	676	Trade creditors	101	81
665	557	Accruals	82	78
782	791	Other creditors	118	91
–	315	Accrued purchase consideration for mineral rights acquired from Gold Fields Limited	49	–
2,145	2,339	(Note 37)	350	250

2002	2003	Figures in million	2003	2002
SA Rands			US Dollars	
32. Retirement benefits				
The group has made provision for pension and provident schemes covering substantially all employees. Eligible employees are members of either AngloGold's defined benefit fund or one of the industry-based defined contribution funds.				
There is one defined benefit scheme and three defined contribution schemes. The assets of these schemes are held in administered funds separated from the group's assets. Scheme assets primarily consist of listed shares, fixed income securities and foreign assets.				
Contributions to the various defined contribution retirement schemes are fully expensed during the year in which they are funded and the cost of providing retirement benefits for the year amounted to \$25m, R186m (2002: \$16m, R167m).				
South Africa region				
Defined benefit pension fund				
855	1,089	Present value of fund obligation	163	100
(797)	(920)	Fair value of fund assets	(138)	(93)
58	169		25	7
(58)	(169)	Unrecognised actuarial loss	(25)	(7)
-	-	Recognised in balance sheet	-	-
797	920	Market value of plan assets	138	93
Plan assets are made up as follows:				
451	549	Domestic equities	82	53
93	75	Foreign equities	11	11
146	191	Domestic fixed interest bonds	29	17
26	34	Foreign fixed interest bonds	5	3
25	-	Property	-	3
56	71	Cash	11	6
797	920	Total	138	93
Movement in the balance sheet				
-	-	Beginning of year	-	-
35	62	Expense per income statement	8	3
(35)	(62)	Contributions paid – company	(8)	(3)
-	-	End of year	-	-
Actual return on plan assets				
97	92	Expected return on plan assets	12	9
(91)	28	Actuarial gain (loss) on plan assets	4	(8)
6	120	(Note 11)	16	1
The assumptions used in calculating the above defined benefit pension plan obligation are as follows:				
			%	
Discount rate			8.5	11.5
Pension increase			3.6	6.1
Rate of compensation increase			5.0	7.8
Expected return on plan assets			8.5	11.5

Notes to the group financial statements

for the year ended 31 December 2003

32. Retirement benefits (continued)

A statutory valuation of the defined benefit Pension Fund was performed as at 31 December 2002, which showed that the Fund was in deficit. This will require a review of the company's rate of contribution to the Fund, with the aim of restoring the Fund to a sound financial position over a period of time. In arriving at their conclusions, the actuaries took into account reasonable long-term estimates of inflation, increases in wages, salaries and pension as well as returns on investments. Calculations for the Pension Fund's financial position are carried out in years when a statutory valuation is not performed.

All South African funds are governed by the Pension Funds Act of 1956 as amended.

East and West Africa region

Namibia (Navachab)

Navachab employees are members of a defined contribution provident fund. The fund is administered by the Old Mutual insurance company. Both the company and the employees make contributions to this fund. AngloGold seconded employees at Navachab remain members of the applicable pension or retirement fund in terms of their conditions of employment with AngloGold.

Mali (Sadiola, Yatela and Morila)

The Malian operations do not have retirement schemes for employees. All employees (local and expatriate) contribute towards the government social security fund, and the company also makes a contribution towards this fund. On retirement, Malian employees are entitled to a retirement benefit from the Malian government. Expatriate employees are reimbursed only their contributions to the social security fund. AngloGold seconded employees in Mali remain members of the applicable pension or retirement fund in terms of their conditions of employment with AngloGold.

Tanzania (Geita)

Geita does not have a retirement scheme for employees. Tanzanian nationals contribute towards the government social security fund, and the company also makes a contribution towards this fund. On retirement, employees are entitled to a retirement benefit from the Tanzanian Government. The company makes no contribution towards any retirement schemes for contracted expatriate employees. AngloGold seconded employees in Tanzania remain members of the applicable pension or retirement fund in terms of their conditions of employment with AngloGold.

Australia region

The region contributes to the Australian Retirement Fund for the provision of benefits to employees and their dependants on retirement, disability or death. The fund is a multi-industry national fund with defined contribution arrangements. Contribution rates by the operation on behalf of employees varies, with minimum contributions meeting compliance requirements under the Superannuation Guarantee legislation. Members also have the option of contributing to approved personal superannuation funds. The contributions by the operation are legally enforceable to the extent required by the Superannuation Guarantee legislation and relevant employment agreements.

32. Retirement benefits (continued)

North America region

The Retiree Medical Plan is a non-contributory defined benefit plan. This plan was last evaluated by independent actuaries in December 2002 who took into account reasonable long-term estimates of increases in health care costs and mortality rates in determining the obligations of AngloGold North America under the Retiree Medical Plan. The evaluation of the Retiree Medical Plan reflected liabilities of \$2m, R16m, (2002: \$2m, R17m) which are included in post-retirement medical provisions (note 29) in the balance sheet. The Retiree Medical Plan is an unfunded plan. The Retiree Medical Plan is evaluated on an annual basis using the projected benefit method.

The cost of providing benefits under the Retirement Plan and the Retiree Medical Plan was insignificant in 2003 and 2002.

Defined Contribution Plan – AngloGold North America sponsors a 401(k) savings plan whereby employees may contribute up to 17% of their salary, of which up to 5% is matched at a rate of 150% by AngloGold North America. AngloGold North America's contributions were \$2m, R15m (2002: \$2m, R21m) during the year.

Supplemental Employee Retirement Plan – Certain former employees of Minorco (USA) Inc. were covered under the Minorco (USA) Inc. Supplemental Employee Retirement Plan (the "SERP"), a non-contributory defined benefit plan. The SERP was last evaluated by independent actuaries in 2002 who took into account reasonable long-term estimates of inflation, and mortality rates in determining the obligations of AngloGold North America under the SERP. This evaluation of the SERP reflected Plan liabilities of \$1m, R6m (2002: \$1m, R9m) which are included in other provisions (note 29) in the balance sheet. The SERP is an unfunded plan. The SERP is evaluated on an annual basis using the projected benefit method. The cost of providing benefits under the SERP for the year was nominal.

South America region

The AngloGold South America region operates a number of defined contribution arrangements for their employees. These arrangements are funded by the operations (basic plan) and operations/employees (optional supplementary plan) and are embodied in a pension plan entity, Fundambrás Sociedade de Previdência Privada, which is responsible for administering the funds and making arrangements to pay the benefits. On conversion of the defined benefit fund to the defined contribution fund on 30 November 1998, an actuarial liability of \$6m, R51m was calculated. This liability is annually revised by Mercer, the plan's actuary, and provided for under other provisions which as at 31 December 2003 amounted to \$6m, R38m (2002: \$3m, R36m).

In December 2001, contributions started to be made to a new PGBL fund, a defined contribution plan similar to the American 401 (k) type of plan, administered by Bradesco Previdência e Seguros. The transfer of funds from Fundambrás to the PGBL requires approval from governmental SPC agency (still in process) and is conditional on the full funding of the actuarial liability.

Notes to the group financial statements

for the year ended 31 December 2003

2002	2003	Figures in million	2003	2002
SA Rands			US Dollars	
33. Cash generated from operations				
5,331	3,546	Profit on ordinary activities before taxation	472	512
		Adjusted for:		
(197)	(252)	Non-cash movements	(34)	(19)
(132)	(449)	Movement on non-hedge derivatives	(65)	(16)
2,566	1,739	Amortisation of mining assets (notes 4, 10 and 17)	232	245
(373)	(285)	Interest receivable (note 6)	(38)	(36)
4	86	Other net expenses	10	1
464	362	Finance costs (note 8)	49	44
–	122	Abnormal items (note 9)	19	–
293	221	Amortisation of goodwill (notes 18 and 19)	29	28
–	327	Impairment of mining assets (note 17)	44	–
–	(331)	Profit on disposal of investments (note 13)	(45)	–
92	(75)	(Profit) loss on disposal of assets and subsidiaries	(10)	8
(2)	–	Termination of retirement benefit plans	–	–
209	(484)	Movements in working capital	(71)	(9)
8,255	4,527		592	758
		Movements in working capital:		
85	(165)	(Increase) decrease in inventories	(87)	(54)
488	57	(Increase) decrease in trade and other receivables	(53)	(5)
(364)	(376)	Increase (decrease) in trade and other payables	69	50
209	(484)		(71)	(9)
34. Acquisitions and disposals				
Acquisitions and disposals can be summarised as follows:				
1,408	34	Mining assets (note 17)	3	117
253	–	Environmental Trust Fund (note 22)	–	23
2	(34)	Inventories	(5)	–
130	(9)	Trade and other receivables	(1)	11
(81)	(58)	Cash and cash equivalents	(9)	(8)
40	103	Minority interests	15	4
384	(12)	Borrowings	(2)	38
(325)	(188)	Provisions (note 29)	(25)	(29)
(40)	14	Deferred taxation (note 30)	2	(4)
(163)	44	Trade and other payables	7	(15)
1,608	(106)	Carrying value	(15)	137
(145)	82	Profit (loss) on disposal of assets and subsidiaries (note 12)	10	(13)
1,463	(24)	Net sale (purchase) consideration	(5)	124
(688)	–	Recoupment taxation (note 14)	–	(63)
–	116	Investments in associates	17	–
(291)	(50)	Deferred sales consideration	(6)	(26)
81	58	Cash and cash equivalents	9	8
–	(34)	Shares received in Queenstake Resources (note 20)	(5)	–
565	66	Net cash flow on disposals (acquisition)	10	43

2002	2003	Figures in million	2003	2002
SA Rands			US Dollars	
34. Acquisitions and disposals (continued)				
Net cash flow on disposals (acquisition) can be summarised as follows:			10	43
565	66			
–	58	Consolidation of Rand Refinery Limited	9	–
–	8	Net cash flow on disposal of Jerritt Canyon Joint Venture	1	–
(979)	–	Purchase of additional interest in Cerro Vanguardia	–	(97)
1,544	–	Sales consideration of Free State assets and Stone & Allied	–	140
Acquisitions comprise the following:			Rand Refinery Limited	Cerro Vanguardia
Cerro Vanguardia	Rand Refinery Limited	Mining assets	23	128
1,292	160	Inventories	7	7
71	49	Trade and other receivables	2	15
151	15	Cash and cash equivalents	9	8
81	58	Minority interests	(15)	(4)
(40)	(103)	Borrowings	–	(38)
(384)	–	Provisions	–	(3)
(30)	–	Deferred taxation	(2)	4
40	(14)	Trade and other payables	(7)	(12)
(121)	(49)			
1,060	116	Carrying value	17	105
–	–	Profit (loss) on disposal of assets and subsidiaries	–	–
1,060	116	Purchase consideration	17	105
–	(116)	Investments in associates	(17)	–
(81)	(58)	Cash and cash equivalents	(9)	(8)
979	(58)	Cash flow on acquisition	(9)	97
Disposals comprise the following:			Jerritt Canyon JV	Free State and Stone & Allied
Free State and Stone & Allied	Jerritt Canyon JV	Mining assets	26	245
2,700	194	Environmental Trust Fund	–	23
253	–	Inventories	2	7
73	15	Trade and other receivables	1	26
281	6	Borrowings	(2)	–
–	(12)	Provisions	(25)	(32)
(355)	(188)	Trade and other payables	–	(27)
(284)	(5)			
2,668	10	Carrying value	2	242
(145)	82	Profit (loss) on disposal of assets and subsidiaries	10	(13)
2,523	92	Sale consideration	12	229
(688)	–	Recoupment taxation	–	(63)
(291)	(50)	Deferred sale consideration	(6)	(26)
–	(34)	Shares received in Queenstake Resources	(5)	–
1,544	8	Cash flow on disposals	1	140

Notes to the group financial statements

for the year ended 31 December 2003

34. Acquisitions and disposals (continued)

The interest in Rand Refinery Limited has been consolidated from 31 December 2003 as AngloGold now controls the financial and operating policies of this company. Prior to this date, Rand Refinery Limited was equity accounted as AngloGold was deemed to have only significant influence on the financial and operating policies. The change in status was a result of an ownership agreement giving AngloGold effective control.

AngloGold sold its 70% interest in the Jerritt Canyon Joint Venture effective 30 June 2003. On 27 February 2003, AngloGold, together with its partner in the Jerritt Canyon Joint Venture, announced that they had entered into a purchase and sale agreement with Queenstake Resources USA Inc (Queenstake) for their entire interests in the Jerritt Canyon Joint Venture. In terms of the agreement, Queenstake paid the Jerritt Canyon Joint Venture \$1m in cash and 32m shares of Queenstake, with \$6m in deferred payments, and \$4m in royalty payments. Queenstake has accepted full closure and reclamation and other liabilities. The transaction closed on 2 July 2003. AngloGold sold its entire interest in Queenstake during November 2003.

35. Related parties

Related party transactions are concluded on an arm's length basis. Details of material transactions with those related parties not dealt with elsewhere in the financial statements are summarised below:

Figures in million	Purchases from related parties	Amounts owed to related parties	Purchases from related parties	Amounts owed to related parties
	2003		2002	
US Dollars				
With fellow subsidiaries of the Anglo American plc group				
Boart Longyear Limited – mining services	11	1	9	–
Mondi Limited – timber	11	1	18	1
Scaw Metals – A division of Anglo Operations Limited – steel and engineering	12	1	11	1
Associates				
Rand Refinery Limited – gold refinery	2	–	2	–
SA Rands				
With fellow subsidiaries of the Anglo American plc group				
Boart Longyear Limited – mining services	82	7	89	3
Mondi Limited – timber	86	7	189	5
Scaw Metals – A division of Anglo Operations Limited – steel and engineering	87	7	113	4
Associates				
Rand Refinery Limited – gold refinery	18	–	24	3

Directors

Details relating to directors' emoluments and shareholdings in the company are disclosed in the directors' report.

Shareholders

The principal shareholders of the company are detailed on page 153.

2002	2003	Figures in million	2003	2002
SA Rands			US Dollars	
36. Commitments and contingencies				
		Acquisition of mining assets		
918	653	Contracted for	98	107
3,234	4,181	Not contracted for	627	377
4,152	4,834	Authorised by the directors	725	484
		Allocated for:		
		Expansion of operations		
1,424	2,594	– within one year	389	166
1,510	553	– thereafter	83	176
2,934	3,147		472	342
		Maintenance of operations		
1,141	1,620	– within one year	243	133
77	67	– thereafter	10	9
1,218	1,687		253	142

This expenditure will be financed from existing cash resources and future borrowings.

Contingent liabilities

The group has given collateral to certain bankers for satisfactory contract performance in relation to exploration and development tenements and mining operations in Australia amounting to \$12m, R82m (2002: \$17m, R150m).

AngloGold has signed surety in favour of the bankers on the Yatela loan for \$6m, R40m (2002: \$8m, R69m).

AngloGold has provided a letter of credit for Geita Gold Mining Ltd for \$19m, R127m (2002: \$19m, R163m).

Discussions are underway with the Mali government as to the validity of tax claims for an attributable amount of \$6m, R40m, including interest and penalties. The claims have arisen due to new legislation that is in conflict with AngloGold's prior mining convention stability agreements and different interpretations of the legislation. The final outcome cannot be determined at present.

AngloGold North America has a potential liability in respect of preference claims from a third party amounting to \$2m, R14m. This is in respect of gold shipments returned by the third party to AngloGold North America which the bankruptcy trustee is claiming should not have been returned and final shipments that should not have been paid as the third party had filed for protection under Chapter 11 of the US Bankruptcy Code.

AngloGold North America has \$45m, R300m (2002: \$59m, R506m) of reclamation bonds with various federal and governmental agencies, to cover potential environmental obligations. These obligations are guaranteed by AngloGold Limited.

Various equipment tax claim guarantees in South America in the amount of \$3m, R20m (2002: \$7m, R63m).

Contingent assets

Future royalty payments are anticipated from Queenstake Resources in terms of the sale agreement of Jerritt Canyon, which cannot be estimated as they are dependent on future production.

Notes to the group financial statements

for the year ended 31 December 2003

37. Risk management activities

In the normal course of its operations, the group is exposed to gold price, currency, interest rate, liquidity and credit risks. In order to manage these risks, the group may enter into transactions which make use of both on- and off-balance sheet derivatives. The group does not acquire, hold or issue derivatives for trading purposes. The group has developed a comprehensive risk management process to facilitate, control and to monitor these risks. The board has approved this risk management process, inclusive of documented treasury policies, counterpart limits, controlling and reporting structures.

Controlling risk in the group

The Executive Committee and the Treasury Committee are responsible for risk management activities within the group. The Treasury Committee, chaired by the independent chairman of the AngloGold Audit and Corporate Governance Committee, comprising executive members and treasury executives, reviews and recommends to the Executive Committee all treasury counterparts, limits, instruments and hedge strategies. The treasurer is responsible for managing investment, gold price, currency, liquidity and credit risk. Within the treasury function, there is an independent risk function, which monitors adherence to treasury risk management policy, counterpart and dealer limits and provides regular and detailed management reports.

Gold price and currency risk

Gold price risk arises from the risk of an adverse effect on current or future earnings resulting from fluctuations in the price of gold. The gold market is predominately priced in US Dollars which exposes the group to the risk that fluctuations in the SA Rand/US Dollar, Brazilian Real/US Dollar and Australian Dollar/US Dollar exchange rates may also have an adverse effect on current or future earnings.

A number of products, including derivatives, are used to manage well-defined gold price and foreign exchange risks that arise out of the group's core business activities. Forward-sales contracts and call and put options are used by the group to protect itself from downward fluctuations in the gold price. These instruments may establish a minimum price for a portion of future production while maintaining the ability to benefit from increases in the gold price for the majority of future gold production.

Net delta open hedge position as at 31 December 2003

The group had the following net forward-pricing commitments outstanding against future production.

Table A: Summary: All open contracts in the group's gold hedge position at 31 December 2003

	Year 2004	2005	2006	2007	2008	2009-2013	Total
Dollar/Gold							
Forward contracts							
Amount (kg)	18,374	26,576	19,862	18,974	15,801	10,078	109,665
\$/oz	\$315	\$324	\$333	\$337	\$352	\$360	\$334
Put options purchased							
Amount (kg)	5,772	2,624	4,918	728			14,042
\$/oz	\$382	\$363	\$363	\$292			\$367
*Delta (kg)	1,703	637	1,102	49			3,491
Put options sold							
Amount (kg)	13,997	2,799	4,354				21,150
\$/oz	\$362	\$345	\$339				\$355
*Delta (kg)	2,800	441	681				3,922
Call options purchased							
Amount (kg)	7,112						7,112
\$/oz	\$330						\$330
*Delta (kg)	6,990						6,990
Call options sold							
Amount (kg)	14,413	18,227	16,547	14,308	14,183	40,061	117,739
\$/oz	\$376	\$338	\$346	\$336	\$347	\$369	\$355
*Delta (kg)	10,973	15,419	13,564	12,201	11,911	33,244	97,312

37. Risk management activities (continued)

Table A: Summary: All open contracts in the group's gold hedge position at 31 December 2003 (continued)

	Year 2004	2005	2006	2007	2008	2009- 2013	Total
Rand/Gold							
Forward contracts							
Amount (kg)	6,249	8,145	4,500	2,830	2,799	933	25,456
R/kg	R73,930	R119,409	R96,436	R118,197	R120,662	R116,335	R104,074
Put options purchased							
Amount (kg)	933	2,808	2,808				6,549
R/kg	R99,346	R95,511	R95,511				R96,057
*Delta (kg)	614	964	721				2,299
Put options sold							
Amount (kg)	2,333	1,400	1,400				5,133
R/kg	R89,250	R88,414	R88,414				R88,794
*Delta (kg)	1,061	364	280				1,705
Call options sold							
Amount (kg)	4,679	5,620	5,621	1,493	2,986	8,958	29,357
R/kg	R118,661	R130,321	R131,389	R173,119	R187,586	R216,522	R162,971
*Delta (kg)	384	1,694	2,188	294	615	2,396	7,571
A Dollar/Gold							
Forward contracts							
Amount (kg)	8,279	6,221	9,331	8,398	3,110	10,233	45,572
A\$/oz	A\$533	A\$680	A\$661	A\$633	A\$647	A\$651	A\$632
Call options purchased							
Amount (kg)		3,110	6,221	3,732	3,110	8,087	24,260
A\$/oz		A\$724	A\$673	A\$668	A\$680	A\$710	A\$692
*Delta (kg)		714	2,985	2,013	1,843	4,996	12,551
Call options sold							
Amount (kg)	933						933
A\$/oz	A\$506						A\$506
*Delta (kg)	933						933
Total net gold							
Delta (kg)	36,658	58,137	47,322	40,733	32,393	51,888	267,131
Delta (oz)	1,178,572	1,869,146	1,521,446	1,309,585	1,041,466	1,668,226	8,588,441

All open contracts in the group's currency hedge position at 31 December 2003

Table B: Summary: All open contracts in the group's currency hedge position at 31 December 2003

	Year 2004	2005	2006	2007	2008	2009- 2013	Total
Rand/Dollar (000)							
Put options purchased							
Amount (\$)	35,000						35,000
ZAR per \$	R7.20						R7.20
*Delta (\$)	27,689						27,689
Put options sold							
Amount (\$)	35,000						35,000
ZAR per \$	R6.74						R6.74
*Delta (\$)	17,417						17,417

Notes to the group financial statements

for the year ended 31 December 2003

37. Risk management activities (continued)

Table B: Summary: All open contracts in the group's currency hedge position at 31 December 2003 (continued)

	Year 2004	2005	2006	2007	2008	2009- 2013	Total
Rand/Dollar (000)							
Call options sold							
Amount (\$)	50,000						50,000
ZAR per \$	R721						R721
*Delta (\$)	14,318						14,318
A Dollar (000)							
Forward contracts							
Amount (\$)	29,275	29,267					58,542
\$ per A\$	\$0.59	\$0.55					\$0.57
Put options purchased							
Amount (\$)	10,000						10,000
\$ per A\$	\$0.63						\$0.63
*Delta (\$)	9,269						9,269
Put options sold							
Amount (\$)	10,000						10,000
\$ per A\$	\$0.68						\$0.68
*Delta (\$)	7,491						7,491
Call options sold							
Amount (\$)	20,000						20,000
\$ per A\$	\$0.60						\$0.60
*Delta (\$)	582						582

* The delta position indicated above is calculated using the Black-Scholes option formula with the ruling market prices, interest rates and volatilities as at 31 December 2003.

The mix of hedging instruments, the volume of production hedged and the tenor of the hedging book is continually reviewed in the light of changes in operational forecasts, market conditions and the group's hedging policy.

Forward sales contracts require the future delivery of gold at a specified price.

A put option gives the put buyer the right, but not the obligation, to sell gold to the put seller at a predetermined price on a predetermined date.

A call option gives the call buyer the right, but not the obligation, to buy gold from the call seller at a predetermined price on a predetermined date.

The marked-to-market value of all hedge transactions making up the hedge position was a negative \$663.7m (negative R4.4bn) as at 31 December 2003 (as at 31 December 2002: negative \$446.6m – negative R3.81bn). These values were based on a gold price of \$415.75/oz, exchange rates of R/\$6.64 and A\$/0.75 and the prevailing market interest rates and volatilities at the time.

Interest rate and liquidity risk

Fluctuations in interest rates impact on the value of short-term cash investments and financing activities, giving rise to interest rate risk.

In the ordinary course of business, the group receives cash from the proceeds of its gold sales and is required to fund working capital requirements. This cash is managed to ensure surplus funds are invested in a manner to achieve market related returns while minimising risks. The group is able to actively source financing at competitive rates.

The group has sufficient undrawn borrowing facilities available to fund working capital requirements.

37. Risk management activities (continued)

Investment maturity profile

Maturity date	Currency	Fixed rate investment amount million	Effective rate %	Floating rate investment amount million	Effective rate %
Less than one year	\$	23	0.9	120	0.9
	ZAR	884	7.9	1,206	7.5
	A\$			4	2.8
	EUR			4	1.0
	FCFA			1,375	3.0
	REAIS			98	16.3
Greater than one year	PESOS			3	6.0
	\$			20	1.9
	ZAR			396	7.9

Borrowing maturity profile (note 28)

Currency	Within one year		Between one and two years		Between two and five years		After five years	
	Borrowings amount million	Effective rate %	Borrowings amount million	Effective rate %	Borrowings amount million	Effective rate %	Borrowings amount million	Effective rate %
\$	333	1.9	482	2.0	23	4.2	5	4.9
A\$	10	5.9						
ZAR	72 ⁽¹⁾	–			1,980	10.5		

Interest rate risk

Currency	Fixed for less than one year		Fixed for between one and three years		Fixed for greater than three years		Total borrowings amount million
	Borrowings amount million	Effective rate %	Borrowings amount million	Effective rate %	Borrowings amount million	Effective rate %	
\$	819	2.0	2	6.5	22	5.3	843
A\$	10	5.9					10
ZAR	72 ⁽¹⁾	–			1,980	10.5	2,052

⁽¹⁾ Represents interest accrual on the corporate bond as at 31 December 2003.

Interest rate swaps

The group has interest rate swap agreements to convert \$150m (R1,000m) of its \$300m (R2,000m) fixed rate bond to variable rate debt. The interest rate swap runs over the term of the bond and receives interest at a fixed rate of 10.5% and pays floating JIBAR (reset quarterly) plus a spread of 0.915%.

This transaction matures in August 2008. The swap is subsequently re-measured at fair value, but is not designated as a fair value hedge. The marked-to-market of the transaction was a positive \$5m (R32m) as at 31 December 2003.

Credit risk

Credit risk arises from the risk that a counterpart may default or not meet its obligations timeously. The group minimises credit risk by ensuring that credit risk is spread over a number of counterparts. These counterparts are financial and banking institutions of good credit quality. Where possible, management tries to ensure that netting agreements are in place.

Notes to the group financial statements

for the year ended 31 December 2003

37. Risk management activities (continued)

Trade debtors comprise a small group of international companies. No provision for doubtful debts was made as the principal debtors continue to be in a sound financial position.

The group does not generally obtain collateral or other security to support financial instruments subject to credit risk, but monitors the credit standing of counterparts. The group believes that no concentration of credit exists.

Fair value of financial instruments

The estimated fair values of financial instruments are determined at discrete points in time based on relevant market information. These estimates involve uncertainties and cannot be determined with precision. The estimated fair values of the group's financial instruments as at 31 December are as follows:

Type of instrument

Figures in million	Carrying amount	Fair value	Carrying Amount	Fair Value
	2003		2002	
US Dollars				
Other investments (note 20)	9	9	23	23
Other non-current assets (note 23)	101	101	55	55
Trade and other receivables (note 25)	219	219	255	255
Cash and cash equivalents (note 26)	505	505	413	413
Borrowings (note 28)	1,158	1,168	926	926
Trade and other payables (note 31)	350	350	250	250
Derivatives comprise the following:	(299)	(659)	(241)	(447)
Forward sale commodity contracts	(225)	(350)	(151)	(194)
Option contracts	(84)	(319)	(73)	(236)
Foreign exchange contracts	3	3	(17)	(17)
Foreign exchange option contracts	2	2	–	–
Interest rate swaps	5	5	–	–
SA Rands				
Other investments (note 20)	62	62	197	197
Other non-current assets (note 23)	667	667	466	466
Trade and other receivables (note 25)	1,461	1,461	2,190	2,190
Cash and cash equivalents (note 26)	3,367	3,367	3,544	3,544
Borrowings (note 28)	7,723	7,789	7,938	7,938
Trade and other payables (note 31)	2,339	2,339	2,145	2,145
Derivatives comprise the following:	(1,991)	(4,394)	(2,071)	(3,834)
Forward sale commodity contracts	(1,497)	(2,331)	(1,298)	(1,665)
Option contracts	(560)	(2,129)	(627)	(2 023)
Foreign exchange contracts	21	21	(146)	(146)
Foreign exchange option contracts	13	13	–	–
Interest rate swaps	32	32	–	–

The fair value amounts include off balance sheet designated hedges, which are not carried on the balance sheet and excluded from the carrying amount. All other derivatives are carried at fair value.

37. Risk management activities (continued)

Derivative maturity profile

	Total	Assets	Liabilities
Figures in million	2003		
US Dollars			
Total	(299)	471	(770)
Less: Amounts to mature within 12 months of balance sheet date	64	(377)	441
Amounts to mature thereafter	(235)	94	(329)

SA Rands

Total	(1,991)	3,145	(5,136)
Less: Amounts to mature within 12 months of balance sheet date	427	(2,515)	2,942
Amounts to mature thereafter	(1,564)	630	(2,194)

	Total	Assets	Liabilities
Figures in million	2002		
US Dollars			
Total	(241)	297	(538)
Less: Amounts to mature within 12 months of balance sheet date	69	(233)	302
Amounts to mature thereafter	(172)	64	(236)

SA Rands

Total	(2,071)	2,545	(4,616)
Less: Amounts to mature within 12 months of balance sheet date	592	(1,996)	2,588
Amounts to mature thereafter	(1,479)	549	(2,028)

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

Trade and other 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.

Investments and other non-current assets

Listed investments are carried at market value while unlisted investments are carried at directors' valuation. Other non-current assets are carried at discounted value.

Borrowings

The fair value of listed fixed rate debt is shown at its market value. The remainder of debt re-prices on a short-term floating rate basis, and accordingly the carrying amount is considered to approximate fair value.

Derivatives

The fair values of derivatives are estimated based on the ruling market prices, volatilities and interest rates at 31 December 2003.

Notes to the group financial statements

for the year ended 31 December 2003

38. Events after balance sheet date

Disposal of Union Reefs Gold Mine

AngloGold Australia Limited announced on 14 November 2003 that it had entered into an agreement with Greater Pacific Gold Limited to sell its 100% owned Northern Territory gold mining assets. These comprise the Union Reefs gold mine at Pine Creek and associated assets and tenements. The sale is dependent upon Greater Pacific Gold Limited meeting the staged payments schedule and various other AngloGold Australia Limited related performance criteria. The transaction is conditional upon a satisfactory due diligence outcome, the attainment of all regulatory approvals, shareholder approval and securing requisite financing arrangements. The agreed staged purchase consideration for these assets is A\$6m (\$5m, R31m). The potential profit on the disposal of Union Reefs is A\$5m (\$3m, R25m). Additional profit may arise if the rehabilitation provision is not fully depleted prior to sale or if interest is payable on payments not paid by the due date.

Sale of Western Tanami Project

AngloGold Australia Limited announced on 24 November 2003 that it had agreed to sell its Western Tanami Project to Tanami Gold NL. The Western Tanami project comprises an established exploration camp and associated equipment, a number of Exploration Licences in northern Western Australia and includes the Coyote gold project. The sale agreement was concluded on 20 January 2004. In addition to the deposit made on 24 November 2003 of A\$0.3m (\$0.2m, R1m), Tanami Gold has made a further A\$4m (\$3m, R19m) cash payment and issued 25 million fully paid ordinary shares to AngloGold. A further payment of A\$5m (\$3m, R25m) will be made by 16 May 2004 and future royalty payments will be made on gold produced above 300,000oz up to 1Moz. The potential profit on the disposal of the Western Tanami project is A\$3m (\$2m, R15m) excluding the potential royalty payments. Including the royalty payments, the potential profit would be dependent on the final gold production.

Proposed Merger between AngloGold and Ashanti

AngloGold and Ashanti Goldfields Company Limited issued a joint announcement on 4 August 2003, which detailed the proposed merger of the two companies. The Transaction Agreement which was signed by both parties outlined the terms and structure of the merger. On 15 October 2003, it was announced that Lonmin Plc, which holds 27.6% of Ashanti's issued share capital, had undertaken to vote its shares in favour of the merger. The merger is conditional on the support of the government of Ghana as shareholder and regulator of Ashanti, the approval of the scheme of arrangement and its confirmation by the High Court of Ghana and certain other regulatory approvals and third party consents, as detailed in the 4 August 2003 announcement.

AngloGold announced on 12 December 2003, the terms and conditions of the Support Deed entered into with the Government of Ghana, whereby the Government agreed to vote its shares in Ashanti in favour of the merger, as well as the definitive terms of a Stability Agreement to be entered into with the government concerning certain fiscal and regulatory undertakings in its role as regulator of Ashanti.

On 26 January 2004, AngloGold announced that confirmation had been received from the United States Securities and Exchange Commission (SEC) of the availability of an exemption under Section 3(a)(10) of the US Securities Act of 1933 that will enable AngloGold to issue its shares in the scheme relating to the merger of AngloGold and Ashanti, without registration in the United States. Once the required approvals of the parliament and government of Ghana have been received, the scheme documents will be finalised and distributed to Ashanti shareholders.

AngloGold anticipates that the transaction will be completed during April 2004.

Launch of Convertible Bonds Offer

On 19 February 2004 AngloGold announced the final terms of an offering of \$900m (subject to increase by up to \$100m pursuant to an option) Convertible Bonds which are due 2009, by its wholly owned subsidiary, AngloGold Holdings plc. The bonds are guaranteed by AngloGold.

38. Events after balance sheet date (continued)

On 20 February 2004, AngloGold announced it had placed all \$900m of the convertible bonds at a semi-annual coupon of 2.375%.

On 25 February 2004, the above-mentioned option was exercised, increasing the total bonds issued by AngloGold to \$1,000m.

The bonds are convertible into American Depositary Shares (ADS) of AngloGold, at a strike price of \$65 per ADS, at the option of the holder. Each ADS represents one ordinary share of AngloGold. The conversion premium to the reference volume weighted average price of the ADSs on the New York Stock Exchange of \$40.625 on the launch day, was 60%. If all bond holders exercise their conversion options, 15,384,615 new ADSs would be created. If the bonds have not been converted by 20 February 2009, they will be redeemed at par on 27 February 2009. Other terms include an issuer call at 130% after 3 years and a conversion ratio adjustment to cater for events such as share splits and capital distributions, etc.

The proceeds of the offering of the Bonds will be used to repay outstanding indebtedness, to pay transaction costs relating to the proposed merger with Ashanti Goldfields Company Limited and for general corporate purposes.

Application has been made to, and approval received from, the UK listing Authority for the bonds to be admitted to the Official List, and the London Stock Exchange plc for the Bonds to be admitted to trading on the London Stock Exchange plc's market for listed securities.

Company income statement

for the year ended 31 December 2003

The company annual financial statements represent the South African operations and corporate office. These company annual financial statements are a statutory requirement, and are accordingly presented in SA Rands only.

Figures in million	Notes	2003	2002
SA Rands			
Revenue	1	9,245	10,356
Gold income	1	8,845	9,718
Cost of sales	2	(6,762)	(6,383)
		2,083	3,335
Non-hedge derivatives		877	794
Operating profit		2,960	4,129
Corporate administration and other expenses		(283)	(227)
Market development costs		(115)	(173)
Net inter-company royalties, dividends and interest		(189)	(336)
Exploration costs		(128)	(126)
Investment income	3	197	318
Other net expenses	4	(114)	(72)
Finance costs	5	(185)	(162)
Marked-to-market of debt financial instruments		38	–
Abnormal items	6	(122)	(102)
Profit before exceptional items	7	2,059	3,249
Amortisation of goodwill		(5)	(4)
Impairment of mining assets	Group 17	(247)	–
Loss on disposal of mines	23	–	(80)
Profits (loss) on disposal of assets		10	(14)
Debt written off		(9)	(56)
Profit on ordinary activities before taxation		1,808	3,095
Taxation	9	(767)	(1,138)
Net profit		1,041	1,957
Adjusted operating profit			
The operating profit has been adjusted by the following to arrive at adjusted operating profit:			
Operating profit		2,960	4,129
Unrealised non-hedged derivatives		(576)	(17)
Adjusted operating profit		2,384	4,112

Company balance sheet

as at 31 December 2003

Figures in million	Notes	2003	2002
SA Rands			
Assets			
Non-current assets			
Mining assets	10	9,161	7,974
Investments in associates	Group 19	47	165
Investments in subsidiaries		7,257	5,747
Other investments	11	17	18
AngloGold Environmental Rehabilitation Trust	12	230	185
Intra-group balances		832	3,953
Other non-current assets	13	369	333
Derivatives	26	572	524
		18,485	18,899
Current assets			
Inventories	14	389	397
Trade and other receivables	15	535	1,078
Cash and cash equivalents	16	1,886	1,641
Current portion of other non-current assets		1	–
Derivatives	26	2,106	1,546
		4,917	4,662
Total assets		23,402	23,561
Equity and liabilities			
Shareholders' equity ⁽¹⁾		8,409	9,836
Non-current liabilities			
Borrowings	17	1,980	2,264
Provisions	18	1,174	1,068
Intra-group balances		2,094	2,198
Deferred taxation	19	3,413	2,692
Derivatives	26	959	1,171
		9,620	9,393
Current liabilities			
Current portion of borrowings	17	1,627	–
Trade and other payables	20	1,507	1,161
Taxation		52	1,047
Derivatives	26	2,187	2,124
		5,373	4,332
Total equity and liabilities		23,402	23,561

⁽¹⁾ Shareholders' equity is analysed in the statement of changes in shareholders' equity (see page 125).

Company cash flow statement

for the year ended 31 December 2003

Figures in million	Notes	2003	2002
SA Rands			
Cash flows from operating activities			
Cash receipts from customers		8,952	10,143
Cash paid to suppliers and employees		(6,779)	(6,347)
Cash generated from operations	22	2,173	3,796
Interest received		149	248
Contributions to the AngloGold Environmental Rehabilitation Trust	12	(45)	(32)
Dividends received from unlisted associate	Group 19	9	19
Finance costs		(120)	(162)
Recoupments tax received: Free State assets		681	–
Recoupments tax paid: Free State assets		(681)	–
Taxation paid		(452)	(796)
Net cash inflow from operating activities		1,714	3,073
Cash flows from investing activities			
Capital expenditure			
– to expand operations	10	(545)	(745)
– to maintain operations	10	(1,302)	(406)
Proceeds from disposal of mining assets		10	–
Proceeds from disposal of mine	23	–	1,544
Proceeds from disposal of investments		1	1,828
Other investments acquired		(1)	(291)
Intra-group loans		871	(1,478)
Loans advanced		(2)	–
Repayment of loans advanced		2	29
Net cash inflow from investing activities		(966)	481
Cash flows from financing activities			
Proceeds from issue of share capital		63	156
Share issue expenses		(2)	(116)
Proceeds from borrowings		2,184	1,842
Repayment of borrowings		(412)	(1,753)
Dividends paid	Group 16	(2,336)	(2,728)
Net cash outflow from financing activities		(503)	(2,599)
Net increase in cash and cash equivalents		245	955
Cash and cash equivalents at beginning of year		1,641	686
Cash and cash equivalents at end of year	16	1,886	1,641

Company statement of changes in shareholders' equity

for the year ended 31 December 2003

	Ordinary and preference share capital	Ordinary and preference share premium	Non-distributable-reserves ⁽¹⁾	Other comprehensive income ⁽²⁾	Retained earnings	Shareholders' equity
Figures in million						
SA Rands						
Balance at 31 December 2001	55	8,398	51	(1,282)	1,603	8,825
Net profit					1,957	1,957
Dividends (Group note 16)					(2,728)	(2,728)
Ordinary shares issued	2	1,581				1,583
Share issue expenses written off		(116)				(116)
Net loss on cash flow hedges removed from equity and reported in income				539		539
Net gain on cash flow hedges				592		592
Deferred taxation on cash flow hedges				(430)		(430)
Translation			(386)			(386)
Balance at 31 December 2002	57	9,863	(335)	(581)	832	9,836
Net profit					1,041	1,041
Dividends (Group note 16)					(2,336)	(2,336)
Ordinary shares issued		61				61
Net loss on cash flow hedges removed from equity and reported in income				85		85
Net gain on cash flow hedges				71		71
Deferred taxation on cash flow hedges				(92)		(92)
Net gain on repayment of net investment			3		–	3
Translation			(260)			(260)
Balance at 31 December 2003	57	9,924	(592)	(517)	(463)	8,409
Note	Group note 27	Group note 27				

⁽¹⁾ Non-distributable reserves is a surplus on disposal of company shares within the group R141m (2002: R141m), and a downward revaluation of foreign denominated loans and intra-group balances R733m (2002: R476m).

⁽²⁾ Other comprehensive income represents the effective portion of fair value gains or losses in respect of cash flow hedges until the underlying transaction occurs upon which the gains or losses are recognised in earnings.

Notes to the company financial statements

for the year ended 31 December 2003

Figures in million	2003	2002
	SA Rands	
1. Revenue		
Revenue consists of the following principal categories:		
Gold income	8,845	9,718
Sale of uranium, silver and sulphuric acid	215	357
Interest receivable (note 3)	185	281
	9,245	10,356
2. Cost of sales		
Cash operating costs	6,174	5,621
Other cash costs	52	42
Total cash costs	6,226	5,663
Retrenchment costs (note 8)	27	30
Rehabilitation and other non-cash costs	75	138
Production costs	6,328	5,831
Amortisation of mining assets (notes 7, 10 and 22)	415	607
Total production costs	6,743	6,438
Decrease (increase) in inventory	19	(55)
	6,762	6,383
3. Investment income		
Investment income consists of the following principal categories:		
Interest receivable (notes 1 and 22)	185	281
Profit from associates after taxation (note 22 and Group note 16)	12	37
	197	318
4. Other net expenses		
Other net expenses consists of the following principal categories:		
Foreign exchange (loss) gain on transactions other than sales	(2)	2
Post-retirement medical expenses for disposed mines and medical aid shortfall subsidies	(101)	(41)
	(103)	(39)
Unwinding of decommissioning obligation (notes 18 and 22)	(11)	(33)
	(114)	(72)
5. Finance costs		
Finance costs paid on bank loans and overdrafts	98	162
Finance costs on corporate bond	73	–
Other	14	–
(Note 22)	185	162
No interest was capitalised during the year (2002: nil).		

Figures in million	2003	2002
	SA Rands	
6. Abnormal items		
Abnormal items consist of the following items:		
Provision for post-retirement medical liability	214	–
Reversal of over-provisions in decommissioning (note 18)	(46)	–
Reversal of over-provision in restoration (note 18)	(46)	–
Mondi settlement of claim	–	102
Abnormal items before taxation	122	102
Taxation		
– Current taxation on foreign exchange losses on borrowings (note 9)	(59)	(47)
– Deferred taxation (note 9)	(56)	–
– provision for post-retirement medical liability	98	–
– over provisions in decommissioning and restoration liabilities	(42)	–
Abnormal items after taxation	7	55
7. Profit before exceptional items is arrived at after taking account of:		
Auditors' remuneration ⁽¹⁾		
– Audit fees	5	4
– Non-audit fees	2	2
– Assurance services	7	6
Amortisation of mining assets (notes 2, 10 and 22)		
– Owned assets	415	607
Grants for educational and community development	29	25
Operating lease charges	29	24
⁽¹⁾ Where the presentation or classification of an item has been amended, comparative amounts have been reclassified to ensure comparability with the current period. The amendments have been made to provide the users of the financial statements with additional information.		
8. Employee benefits		
Employee benefits including executive directors' salaries, wages and other benefits	3,358	2,933
Health care and medical scheme cost		
– current medical expenses	246	183
– post-retirement medical expenses	65	53
Contributions to pension and provident plans	213	164
Retrenchment costs (note 2)	27	30
	3,909	3,363
Actuarial defined benefit plan expense analysis		
Defined benefit pension plan expense		
– current service cost	32	34
– interest cost	106	85
– expected return on plan assets	(92)	(87)
– recognised past service cost	16	–

Notes to the company financial statements

for the year ended 31 December 2003

Figures in million	2003	2002
	SA Rands	
8. Employee benefits (continued)		
Defined benefit post-retirement medical expense		
– current service cost	3	10
– interest cost	89	72
– recognised past service cost	134	(153)
	288	(39)
Actual return on plan assets (note 21)	120	6
9. Taxation⁽¹⁾		
Current taxation		
Mining taxation	27	425
Non-mining taxation	108	405
Under provision prior year	30	40
Abnormal taxation (note 6)	(59)	(47)
Exceptional items		
– capital gains tax	38	–
– recoupments tax on Free State disposal (note 23)	(6)	688
– mining tax on Free State operating loss	–	(78)
	138	1,433
Deferred taxation		
Current (note 19)	512	268
Unrealised non-hedge derivatives	286	7
Abnormal taxation (note 6)	(56)	–
Exceptional items		
– impairment (note 19)	(113)	–
– disposal of the Free State operations	–	(570)
	629	(295)
	767	1,138

Tax reconciliation

A reconciliation of the mining and non-mining tax rate compared with that charged in the income statement is set out in the following table:

	Non-mining %	Mining %	Non-mining %	Mining %
	2003		2002	
Marginal tax rate	38	46	38	46
Disallowed expenditure	4	12	7	6
Non-mining losses transferred to mining taxation	(1)	1	–	–
Mining capital allowances without tax cover	–	4	–	–
Non taxable profit based on Gold Formula	–	4	–	–
Dividends received	(13)	–	(16)	–
Taxable items not forming part of income statement	12	–	3	–
Royalties	–	(28)	–	(22)
Other	2	3	4	7
Effective tax rate	42	42	36	37

⁽¹⁾ Where the presentation or classification of an item has been amended, comparative amounts have been reclassified to ensure comparability with the current period. The amendments have been made to provide the users of the financial statements with additional information.

10. Mining assets

	Mine development costs	Mine infrastructure	Mineral rights, dumps and ore reserves	Land	Total
Figures in million					
SA Rands					
Cost					
Balance at beginning of year	9,807	3,165	379	22	13,373
Additions					
– expand operations	420	125	–	–	545
– maintain operations	819	163	320	–	1,302
Disposals	–	(19)	–	–	(19)
Transfers and other movements	–	4	–	(2)	2
Balance at end of year	11,046	3,438	699	20	15,203
Accumulated amortisation					
Balance at beginning of year	3,179	2,131	89	–	5,399
Amortisation charge for the year (notes 2, 7 and 22)	312	89	14	–	415
Impairments (note 22 and group note 17)	181	59	7	–	247
Disposals	–	(19)	–	–	(19)
Balance at end of year	3,672	2,260	110	–	6,042
Net book value at 31 December 2003	7,374	1,178	589	20	9,161
Net book value at 31 December 2002	6,628	1,034	290	22	7,974

On 18 September 2003, AngloGold announced that agreement had been reached with Gold Fields Limited (Gold Fields) regarding the acquisition by AngloGold of a mining area of Gold Fields' Driefontein mine adjacent to TauTona, known as 1C11, for a cash consideration of R315m. The agreement has been approved by the Competition Authorities in terms of the Competition Act 89 of 1988, and has been included in additions above.

Notes to the company financial statements

for the year ended 31 December 2003

Figures in million	2003	2002
	SA Rands	
11. Other investments		
Listed investments		
Balance at beginning of year	-	104
Additions	-	1,717
Disposals	-	(1,821)
Balance at the end of year	-	-
Market value of listed investments	-	-
Unlisted investments		
Balance at beginning of year	18	23
Additions	-	1
Disposals	(1)	(6)
Balance at end of year	17	18
Directors' valuation of unlisted investments	17	18
Total other investments (note 26)	17	18
Total valuation	17	18
12. AngloGold Environmental Rehabilitation Trust		
Balance at beginning of year	185	339
Contributions	45	32
Additional contribution – Free State disposal	-	197
Additional funds transferred to Free State Environmental Trust Fund	-	(197)
Amounts transferred in respect of Free State disposal (note 23)	-	(186)
Balance at end of year	230	185
13. Other non-current assets		
Unsecured		
Deferred purchase consideration in respect of the sale of the Free State assets	360	326
Other	10	7
	370	333
Less: Current portion of other non-current assets included in current assets	1	-
Total	369	333
14. Inventories		
Gold in process	201	220
By-products	39	25
Total metal inventories	240	245
Consumable stores	149	152
	389	397

Figures in million	2003	2002
	SA Rands	
15. Trade and other receivables		
Trade debtors	120	12
Pre-payments and accrued income	190	276
South African Revenue Services – Value-added taxation	77	85
Receivable in respect of the sale of the Free State assets	–	688
Other debtors	148	17
(Note 26)	535	1,078
16. Cash and cash equivalents		
Cash and deposits on call	1,023	1,111
Money market instruments	863	530
(Note 26)	1,886	1,641
17. Borrowings		
Unsecured		
Syndicated loan facility	1,555	2,264
Interest charged at LIBOR plus 0.75% per annum. The loan is repayable in May 2004 and is US Dollar-based		
Corporate Bond ⁽¹⁾		
Semi-annual coupons are payable at 10.5% per annum and the bond is repayable on 28 August 2008 and is ZAR-based	2,052	–
Total borrowings (note 26)	3,607	2,264
Less: Current portion of borrowings included in current liabilities	1,627	–
Total long-term borrowings	1,980	2,264
Amounts falling due:		
Within one year	1,627	–
Between one and two years	–	2,264
Between two and five years	1,980	–
(Note 26)	3,607	2,264
Currency		
The currency in which the borrowings are denominated is as follows:		
SA Rand	2,052	–
US Dollars	1,555	2,264
	3,607	2,264
Undrawn facilities		
Undrawn borrowing facilities as at 31 December 2003 are as follows:		
Syndicated loan – US Dollar	1,120	1,184

⁽¹⁾ On 21 August 2003, AngloGold launched and priced an issue of senior unsecured fixed rate bond in an aggregate principal amount of R2,000m, with semi-annual coupons payable at a rate of 10.5% per annum. This bond will be repayable on 28 August 2008, subject to early redemption at AngloGold's option. The bond is listed on the Bond Exchange of South Africa. The net proceeds of the bond are for general corporate purposes. Included in finance costs in the income statement is R1m for the amortisation of the bond issue costs.

Notes to the company financial statements

for the year ended 31 December 2003

Figures in million	2003	2002
	SA Rands	
18. Provisions		
Post-retirement medical funding		
Balance at beginning of year	680	713
Disposal (note 23)	–	(33)
Charge to income statement	226	52
Less: Utilised during the year	(56)	(52)
Balance at end of year	850	680
<p>The provision for post-retirement medical funding represents the provision for health care benefits for employees and retired employees and their registered dependants.</p> <p>The post-retirement benefit costs are assessed in accordance with the advice of independent professionally qualified actuaries. The actuarial method used is the projected unit credit funding method.</p> <p>The assumptions used in calculating the above defined benefit post-retirement medical obligation are as follows:</p>		
		%
Discount rate	10.0	11.5
Expected increase in health care costs	5.0	9.2
Short-term rates ranged from 5.5% and 5.0% thereafter		
<p>The normal retirement age is 60 years, and fully eligible age is 55 years.</p> <p>The last valuation was performed as at 31 December 2002.</p>		
Environmental rehabilitation obligations		
Provision for decommissioning		
Balance at beginning of year	226	325
Unwinding of decommissioning obligation (note 4)	11	33
Reversal of overprovision in decommissioning (note 6)	(46)	–
Disposal (note 23)	–	(132)
Balance at end of year	191	226
Provision for restoration		
Balance at beginning of year	162	295
Disposal (note 23)	–	(186)
Reversal of overprovision (note 6)	(46)	–
Charge to income statement	17	53
Balance at end of year	133	162
Total provisions	1,174	1,068

Figures in million	2003	2002
	SA Rands	
19. Deferred taxation		
Deferred taxation relating to temporary differences is made up as follows:		
Deferred taxation liabilities		
Mining assets	3,927	3,571
Inventories	93	101
Derivatives	119	–
Other	36	–
	4,175	3,672
Deferred taxation assets		
Provisions	498	458
Derivatives	264	522
Net deferred taxation	3,413	2,692
The movement on the deferred tax balance is as follows:		
Balance at beginning of year	2,692	2,557
Income statement charge (note 9)	629	(295)
Taxation of other comprehensive income	92	430
Balance at end of year	3,413	2,692
20. Trade and other payables		
Trade creditors	335	200
Accruals	142	398
Other creditors	715	563
Accrued purchase consideration for mineral rights acquired from Gold Fields Limited	315	–
(Note 26)	1,507	1,161
21. Retirement benefits		
Defined benefit pension fund		
Present value of fund obligation	1,089	855
Fair value of fund assets	(920)	(797)
	169	58
Unrecognised actuarial loss	(169)	(58)
Recognised on balance sheet	–	–
Market value of plan assets (group note 32)	920	797
Movement in balance sheet		
Beginning of year	–	–
Expense per income statement	62	35
Contributions paid – company	(62)	(35)
End of year	–	–
Actual return on plan assets		
Expected return on plan assets	92	97
Actuarial gain (loss) on plan assets	28	(91)
(Note 8)	120	6

Notes to the company financial statements

for the year ended 31 December 2003

Figures in million	2003	2002
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SA Rands

21. Retirement benefits (continued)

The assumptions used in calculating the above amounts as at 31 December are:

		%
Discount rate	8.5	11.5
Pension increase	3.6	6.1
Rate of compensation increase	5.0	7.8
Expected return on plan assets	8.5	11.5

A statutory valuation of the defined benefit Pension Fund was performed as at 31 December 2002, which showed that the Fund was in deficit. This will require a review of the company's rate of contribution to the Fund, with the aim of restoring the Fund to a sound financial position over a period of time. In arriving at their conclusions, the actuaries took into account reasonable long-term estimates of inflation, increases in wages, salaries and pension as well as returns on investments. Calculations for the Pension Fund's financial position are carried out in years when a statutory valuation is not performed.

Contributions to the various defined contribution retirement schemes are fully expensed during the year in which they are funded and the cost of providing retirement benefits for the year amounted to R151m (2002: R132m)

All funds are governed by the Pension Funds Act of 1956 as amended.

22. Cash generated from operations

Profit on ordinary activities before taxation	1,808	3,095
Adjusted for:		
Non-cash movements	14	339
Movement on non-hedge derivatives	(633)	(49)
Amortisation of mining assets (notes 2, 7 and 10)	415	607
Interest receivable (notes 1 and 3)	(185)	(281)
Profit from associates after taxation (note 3)	(12)	(37)
Unwinding of decommissioning obligation (notes 4 and 18)	11	33
Finance costs (note 5)	185	162
Abnormal items	122	–
Amortisation of goodwill	5	4
Impairment of mining assets (note 10 and group note 17)	247	–
Debt written off	9	56
Loss on disposal of mines	–	27
(Profit) loss on disposal of assets	(10)	14
Movements in working capital	197	(174)
	2,173	3,796
Movements in working capital:		
Decrease in inventories	8	5
Increase in trade and other receivables	(139)	(662)
Increase (decrease) in trade and other payables	328	(286)
Decrease in current portion of intra-group balances	–	769
	197	(174)

Figures in million	2003	2002
	SA Rands	
23. Disposals		
Mining assets	-	Free State 2,695
Environmental Trust Fund (note 12)	-	186
Inventories	-	72
Trade and other receivables	-	274
Provisions (note 18)	-	(351)
Trade and other payables	-	(273)
Carrying value	-	2,603
Loss on disposal of mines	-	(80)
Sale consideration	-	2,523
Recoupments taxation (note 9)	-	(688)
Deferred sale consideration	-	(291)
Cash flow on disposals	-	1,544

24. Related parties

Related party transactions are concluded on an arm's length basis. Details of material transactions with those related parties not dealt with elsewhere in the financial statements are summarised below:

	Purchases from related parties	Amounts owed to related parties	Purchases from related parties	Amounts owed to related parties
	2003		2002	
With fellow subsidiaries of the Anglo American plc group				
Boart Longyear Limited – mining services	77	7	88	3
Mondi Limited – timber	86	7	189	5
Scaw Metals – A division of Anglo Operations Limited – steel and engineering	86	7	110	4
Associates				
Rand Refinery Limited – gold refinery	18	-	24	3

	2003	2002
	SA Rands	
25. Commitments		
Acquisition of mining assets		
Contracted for	569	758
Not contracted for	2,856	2,022
Authorised by the directors	3,425	2,780
Allocated for:		
Expansion of operations		
– within one year	478	1,088
– thereafter	1,453	853
	1,931	1,941
Maintenance of operations		
– within one year	91	794
– thereafter	1,403	45
	1,494	839

This expenditure will be financed from existing cash resources and future borrowings.

Notes to the company financial statements

for the year ended 31 December 2003

26. Risk management activities

In the normal course of its operations, the company is exposed to gold price, currency, interest rate, liquidity and credit risks. In order to manage these risks, the company may enter into transactions which make use of both on- and off-balance sheet derivatives. The company does not acquire, hold or issue derivatives for trading purposes. The company has developed a comprehensive risk management process to facilitate, control and to monitor these risks. The board has approved and monitors this risk management process, inclusive of documented treasury policies, counterpart limits, controlling and reporting structures.

Controlling risk in the company

The Executive Committee and the Treasury Committee are responsible for risk management activities within the company. The Treasury Committee, chaired by the independent chairman of the AngloGold Audit and Corporate Governance Committee, comprising executive members and treasury executives, reviews and recommends to the Executive Committee all treasury counterparts, limits, instruments and hedge strategies. The treasurer is responsible for managing investment, gold price, currency and liquidity risk. Within the treasury function, there is an independent risk function, which monitors adherence to treasury risk management policy, counterpart and dealer limits and provides regular and detailed management reports.

Gold price and currency risk

Gold price risk arises from the risk of an adverse effect on current or future earnings resulting from fluctuations in the price of gold. The gold market is predominately priced in US Dollars which exposes the company to the risk that fluctuations in the SA Rand/US Dollar exchange rate may also have an adverse effect on current or future earnings.

A number of products, including derivatives, are used to manage well-defined gold price and foreign exchange risks that arise out of the company's core business activities. Forward-sales contracts and call and put options are used by the company to protect itself from downward fluctuations in the gold price. These derivatives may establish a minimum price for a portion of future production, while maintaining the ability to benefit from increases in the gold price for the majority of future gold production.

26. Risk management activities (continued)

Net delta open hedge position as at 31 December 2003

The company had the following net forward-pricing commitments outstanding against future production.

Table A: Summary: All open contracts in the company's gold hedge position at 31 December 2003

	Year 2004	2005	2006	2007	2008	2009-2013	Total
Dollar/Gold							
Forward contracts							
Amount (kg)	9,013	2,644	933	3,145	3,732	3,577	23,044
\$/oz	\$306	\$372	\$426	\$355	\$369	\$380	\$347
Put options purchased							
Amount (kg)	4,977	1,866	4,354				11,197
\$/oz	\$396	\$393	\$372				\$386
*Delta (kg)	1,696	604	1,068				3,368
Put options sold							
Amount (kg)	13,063	2,799	4,354				20,216
\$/oz	\$363	\$345	\$339				\$355
*Delta (kg)	2,735	441	681				3,857
Call options purchased							
Amount (kg)	6,105						6,105
\$/oz	\$326						\$326
*Delta (kg)	6,049						6,049
Call options sold							
Amount (kg)	9,020	16,298	15,676	13,188	13,188	39,564	106,934
\$/oz	\$384	\$339	\$347	\$338	\$349	\$370	\$356
*Delta (kg)	6,239	13,705	12,787	11,206	11,031	32,802	87,770
	Year 2004	2005	2006	2007	2008	2009-2013	Total
Rand/Gold							
Forward contracts							
Amount (kg)	6,249	8,145	4,500	2,830	2,799	933	25,456
R/kg	R73,930	R119,409	R96,436	R118,197	R120,662	R116,335	R104,074
Put options purchased							
Amount (kg)	933	2,808	2,808				6,549
R/kg	R99,346	R95,511	R95,511				R96,057
*Delta (kg)	614	964	721				2,299
Put options sold							
Amount (kg)	2,333	1,400	1,400				5,133
R/kg	R89,250	R88,414	R88,414				R88,794
*Delta (kg)	1,061	364	280				1,705
Call options sold							
Amount (kg)	4,679	5,620	5,621	1,493	2,986	8,958	29,357
R/kg	R118,661	R130,321	R131,389	R173,119	R187,586	R216,522	R162,971
*Delta (kg)	384	1,694	2,188	294	615	2,396	7,571
Total net gold							
Delta (kg)	14,350	26,951	21,236	17,475	18,177	39,708	137,897
Delta (oz)	461,363	866,494	682,752	561,833	584,403	1,276,640	4,433,485

Notes to the company financial statements

for the year ended 31 December 2003

26. Risk management activities (continued)

Table B: Summary: All open contracts in the company's currency hedge position at 31 December 2003

	Year 2004	2005	2006	2007	2008	2009-2013	Total
Put options purchased							
Amount (\$)	35,000						35,000
ZAR per \$	R720						R720
*Delta (kg)	27,689						27,689
Put options sold							
Amount (\$)	35,000						35,000
ZAR per \$	R6.74						R6.74
*Delta (kg)	17,417						17,417
Call options sold							
Amount (\$)	50,000						50,000
ZAR per \$	R721						R721
*Delta (kg)	14,318						14,318

* The delta position indicated above reflects the nominal amount of the option multiplied by the mathematical probability of the option being exercised. This is calculated using the Black-Scholes option formula with the ruling market prices, interest rates and volatilities as at 31 December 2003.

The mix of hedging instruments, the volume of production hedged and the tenor of the hedging book is continually reviewed in the light of changes in operational forecasts, market conditions and the company's hedging policy.

Forward sales contracts require the future delivery of gold at a specified price.

A put option gives the put buyer the right, but not the obligation, to sell gold to the put seller at a pre-determined price on a pre-determined date.

A call option gives the call buyer the right, but not the obligation, to buy gold from the call seller at a predetermined price on a predetermined date.

Interest rate and liquidity risk

Refer note 37 in group financial statements.

26. Risk management activities (continued)

Investment maturity profile

Maturity date	Currency	Fixed rate	Effective rate	Floating rate	Effective rate
		investment amount million	%	investment amount million	%
Less than one year	ZAR	850	7.8	1,009	8.0
	\$	2	0.9	2	0.4
Greater than one year	ZAR	–	–	250	7.4

Borrowings maturity profile (note 17)

Currency	Within one year	Effective rate	Between one and five years	Effective rate
	Borrowings amount million	%	Borrowings amount million	%
ZAR	72 ⁽¹⁾	–	1,980	10.5
\$	233	1.9	–	–

Interest rate risk

Currency	Fixed for less than one year	Effective rate	Fixed for greater than one year	Effective rate
	Borrowing amount million	%	Borrowings amount million	%
ZAR	72 ⁽¹⁾	–	1,980	10.5
\$	233	1.9	–	–

⁽¹⁾ Represents interest accrual on the corporate bond as at 31 December 2003.

Interest rate swap

Refer to note 37 in group financial statements

Credit Risk

Refer to note 37 in group financial statements

Fair value of financial instruments

The estimated fair values of financial instruments are determined at discrete points in time based on relevant market information. These estimates involve uncertainties and cannot be determined with precision. The estimated fair values of the company's financial instruments as at 31 December 2003 are as follows:

Notes to the company financial statements

for the year ended 31 December 2003

26. Risk management activities (continued)

Type of instrument

Figures in million	Carrying amount	Fair value	Carrying amount	Fair value
	2003		2002	
SA Rands				
Other Investments (note 11)	17	17	18	18
Other non-current assets (note 13)	369	369	333	333
Trade and other receivables (note 15)	535	535	1,078	1,078
Cash and cash equivalents (note 16)	1,886	1,886	1,641	1,641
Borrowings (note 17)	3,607	3,673	2,264	2,264
Trade and other payables (note 20)	1,507	1,507	1,161	1,161
Derivatives comprise the following:	(468)	(2,132)	(1,225)	(2,034)
Forward sale contracts	91	(25)	(282)	(381)
Option contracts	(593)	(2,141)	(832)	(1,542)
Foreign exchange contracts	(5)	(5)	(111)	(111)
Foreign exchange option contracts	7	7	–	–
Interest rate swaps	32	32	–	–

The fair value amounts above include off balance sheet designated hedges, which are not carried on the balance sheet and excluded for the carrying amount. All other derivatives are carried at fair value.

Derivative maturity profile

Figures in million	Total	Assets	Liabilities
	2003		
SA Rands			
Total	(468)	2,678	(3,146)
Less: Amounts to mature within 12 months of balance sheet date	81	(2,106)	2,187
Amounts to mature thereafter	(387)	572	(959)
2002			
SA Rands			
Total	(1,225)	2,070	(3,295)
Less: Amounts to mature within 12 months of balance sheet date	578	(1,546)	2,124
Amounts to mature thereafter	(647)	524	(1,171)

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

Trade and other 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.

Investments and other non-current assets

Listed investments are carried at market value while unlisted investments are carried at directors' valuation. Other non-current assets are carried at discounted value.

Borrowings

The fair value of listed fixed rate debt is shown at its market value as at 31 December 2003. The remainder of debt re-prices on a short-term floating rate basis, and accordingly the carrying amount is considered to approximate fair value.

Derivatives

The fair values of derivatives are estimated based on the ruling market prices, volatilities and interest rates at 31 December 2003.

Condensed consolidated financial statements prepared in accordance with US GAAP

AngloGold provides as part of this annual report, to all shareholders, condensed consolidated financial statements derived from and presented in the manner detailed below.

Basis of presentation

The condensed consolidated financial statements have been derived from the group's consolidated financial statements as prepared in accordance with accounting principles generally accepted in the United States ("US GAAP"). US GAAP differs in certain material respects from International Financial Reporting Standards ("IFRS"). The condensed consolidated financial statements do not include notes in support of the financial information presented therein. The Group's audited consolidated financial statements prepared in accordance with US GAAP from which the condensed consolidated financial statements have been derived, contain detailed notes prepared in accordance with US GAAP. The audited consolidated financial statements prepared in accordance with US GAAP, together with related notes, are included under Item 18 in AngloGold's Annual Report on Form 20-F filed with the United States Securities and Exchange Commission on or about 15 March 2004. The AngloGold Annual Report on Form 20-F for the year ended 31 December 2003 as filed with the United States Securities and Exchange Commission on or about 15 March 2004 is available free of charge on EDGAR at www.sec.gov.

The condensed consolidated financial statements set forth below for each of the three years in the period ended 31 December 2003, and as at 31 December 2003 and 2002, have been derived from, and should be read in conjunction with the US GAAP financial statements included under Item 18 in AngloGold's Annual Report on Form 20-F as filed with the United States Securities and Exchange Commission on or about 15 March 2004.

Stock split

Throughout the condensed consolidated financial statements presented herein, the number of AngloGold ordinary shares and the calculation of basic and diluted earnings (loss) per share information for AngloGold have been adjusted retroactively to reflect AngloGold's two-for-one stock split and the issuance of a total of 278,196 AngloGold ordinary shares under AngloGold's odd lot offer as approved at the general meeting of AngloGold's shareholders held on 5 December 2002.

Condensed consolidated income statement

derived from financial statements prepared in accordance with US GAAP

Figures in US Dollars millions, except for share data	2003	2002	2001
Year ended 31 December	\$	\$	\$
Sales and other income	2,062	1,799	2,066
Product sales	2,026	1,761	2,041
Interest, dividends and other income	36	38	25
Cost and expenses	1,651	1,369	2,059
Production costs	1,206	910	1,245
Exploration costs	40	28	26
Related party transactions	36	40	54
General and administrative	43	30	24
Royalties	27	25	16
Market development costs	19	17	16
Research and development	–	1	2
Depreciation, depletion and amortisation	321	333	371
Impairment of assets	78	–	173
Goodwill amortised	–	–	27
Interest expense	49	44	72
Accretion expense	2	–	–
Employment severance costs	4	3	22
Loss on sale of mining assets	–	–	4
(Profit) loss on sale of assets	(55)	11	–
Non-hedge derivative (gains) loss	(119)	(73)	5
Other	–	–	2
Income before equity income and income tax	411	430	7
Equity income in affiliates	2	4	1
Income before income tax provision	413	434	8
Deferred income and mining tax expensed	(146)	(62)	(163)
Income (loss) before minority interest	267	372	(155)
Minority interest	(17)	(16)	(8)
Income (loss) before cumulative effect of accounting change	250	356	(163)
Cumulative effect of accounting change	(3)	–	(10)
Net income (loss) – applicable to common stockholders	247	356	(173)
Basic earnings (loss) per common share: (cents)			
Before cumulative effect of accounting change	112	160	(76)
Cumulative effect of accounting change	(1)	–	(5)
Net income (loss) – applicable to common stockholders	111	160	(81)
Diluted earnings (loss) per common share: (cents)			
Before cumulative effect of accounting change	112	160	(76)
Cumulative effect of accounting change	(1)	–	(5)
Net income (loss) – applicable to common stockholders	111	160	(81)
Weighted average number of common shares used in computation	222,836,574	221,883,567	214,278,892
Dividend per common share (cents)	133	113	84

These condensed financial statements should be read in conjunction with the Company's financial statements and footnotes filed on Form 20-F with the United States Securities and Exchange Commission on or about 15 March 2004.

Condensed consolidated balance sheet

derived from financial statements prepared in accordance with US GAAP

Figures in US Dollars millions	2003	2002
As at 31 December	\$	\$
Assets		
Current assets	1,410	1,038
Cash and cash equivalents	505	413
Receivables	602	488
Trade	47	48
Derivatives	377	233
Value added taxes	27	26
Other	151	181
Inventories	202	137
Materials on the leach pad	101	–
Property, plant and equipment, net	2,555	2,015
Acquired properties, net	936	902
Goodwill	410	345
Derivatives	94	64
Materials on the leach pad	7	79
Other long-term assets	167	134
Total assets	5,579	4,577
Liabilities and stockholders' equity		
Current liabilities	1,202	799
Accounts payable and accrued liabilities	385	282
Derivatives	441	302
Short-term debt	351	84
Income and mining tax payable	25	131
Long-term debt	807	842
Derivatives	329	236
Deferred income and mining tax	845	561
Provision for environmental rehabilitation	134	140
Other accrued liabilities	12	12
Provision for post-retirement medical benefits	130	127
Minority interest	52	40
Commitments and contingencies		
Share capital and reserves	2,068	1,820
Common stock		
Stock issued 2003 – 223,136,342 (2002 – 222,622,022)	9	9
Additional paid in capital	3,415	3,403
Accumulated deficit	(616)	(567)
Accumulated other comprehensive income	(740)	(1,025)
Total liabilities and stockholders' equity	5,579	4,577

These condensed financial statements should be read in conjunction with the Company's financial statements and footnotes filed on Form 20-F with the United States Securities and Exchange Commission on or about 15 March 2004.

Condensed consolidated cash flow statement

derived from financial statements prepared in accordance with US GAAP

Figures in US Dollars millions	2003	2002	2001
Year ended 31 December	\$	\$	\$
Net cash provided by operating activities	453	594	501
Income (loss) before cumulative effect of accounting change	250	356	(163)
Reconciled to net cash provided by operations:			
Loss on sale of mining assets	–	–	4
(Profit) loss on sale of assets	(55)	–	–
Depreciation, depletion and amortisation	321	333	371
Deferred stripping costs	(43)	(11)	1
Impairment of assets	78	–	173
Deferred income and mining tax	79	(62)	9
Other non-cash items	17	11	55
Net (decrease) increase in provision for environmental rehabilitation and post-retirement medical benefits	(88)	(17)	25
Effect of changes in operating working capital items:			
Receivables	(53)	(5)	65
Inventories	(87)	(54)	22
Accounts payable and accrued liabilities	34	43	(61)
Net cash used in investing activities	(307)	(91)	(148)
Cash acquired in acquisitions	9	8	–
Increase in non-current investments	(1)	(34)	(4)
Additions to property, plant and equipment	(363)	(271)	(298)
Proceeds on sale of mining assets	6	1	6
Proceeds on sale of investments	56	158	–
Cash effects of acquisitions or disposals	1	35	109
– Proceeds	1	59	109
– Contractual obligations	–	(24)	–
Loans receivable advanced	(19)	(5)	(4)
Loans receivable repaid	4	17	43
Net cash used in financing activities	(107)	(356)	(298)
Payments of short-term debt	(46)	(616)	(347)
Issuance of stock	10	18	7
Proceeds of long-term debt	243	502	209
Dividends paid	(314)	(260)	(167)
Net increase in cash and cash equivalents	39	147	55
Effect of exchange rate changes on cash	53	75	(59)
Cash and cash equivalents – 1 January	413	191	195
Cash and cash equivalents – 31 December	505	413	191

These condensed financial statements should be read in conjunction with the Company's financial statements and footnotes filed on Form 20-F with the United States Securities and Exchange Commission on or about 15 March 2004.

Condensed reconciliation between IFRS and US GAAP

results for the year ended and as at 31 December 2003

AngloGold provides, supplemental to the condensed consolidated financial statements, a reconciliation from its IFRS to US GAAP results. This reconciliation is provided for illustrative purposes only, as AngloGold prepares consolidated financial statements prepared in accordance with US GAAP, together with related notes, which are included under Item 18 in AngloGold's Annual Report on Form 20-F filed with the United States Securities and Exchange Commission on or about 15 March 2004.

Figures in US Dollars millions	Notes	2003	2002	2001
Year ended 31 December		\$	\$	\$

Income statement information

Net profit as per IFRS		312	332	245
Adjusted for:				
Amortisation of acquired properties (ore reserves) and mining assets	I	(89)	(88)	(151)
IFRS exceptional loss reversed	II	–	13	–
Impairment of assets		(34)	–	(173)
Actuarial surplus (shortfall) on post-retirement medical expenses	III	57	–	(37)
Goodwill adjustments	I	29	28	2
Normandy transaction costs	IV	–	(11)	–
Stock compensation expense	V	(4)	–	–
Other	VI	(18)	(20)	2
Sub-total		253	254	(112)
Adjustments made to taxation charge	VII	(4)	103	(51)
Adjusted profit (loss) after taxation		249	357	(163)
Cumulative effect of accounting changes	VIII	(3)	–	(10)
Minority adjustments		1	(1)	–
Net income (loss) applicable to common stockholders as per US GAAP		247	356	(173)

Figures in US Dollars millions	Notes	2003	2002
As at 31 December		\$	\$

Balance sheet information

Net assets as per IFRS		1,628	1,443
Adjusted for:			
Acquired properties (ore reserves)	I	936	902
Mining assets	I	(209)	(265)
Goodwill	I	(2)	(29)
Deferred taxation	VII	(282)	(181)
Post-retirement medical benefits	III	(1)	(46)
Other	VI	(2)	(4)
Stockholders' equity as per US GAAP		2,068	1,820

Supplemental information to the condensed consolidated financial statements.

Condensed reconciliation between IFRS and US GAAP

results for the year ended and as at 31 December 2003

Differences in accounting treatment between IFRS and US GAAP which have a significant effect on AngloGold are noted below:

I Business combinations (including acquired properties and goodwill)

Under IFRS at the formation of AngloGold on 29 June 1998, the acquisition of the participating companies and the interests in the share interest companies were accounted for using the pooling of interest method. Under US GAAP the original formation of AngloGold did not qualify as a "pooling of interest" and therefore the formation transaction was accounted for as a business combination. Subsequent acquisitions have been accounted for as business combinations under both IFRS and US GAAP.

Both IFRS and US GAAP require purchase consideration to be allocated to the net assets acquired at their fair value on the date of acquisition. Under IFRS any excess of the purchase price over the fair value of the attributable mineral reserves and net assets is recognised as goodwill. Goodwill which represents resources is amortised on a systematic basis which recognises the depletion of resources over the lesser of the LOM or 20 years.

Under US GAAP, the purchase consideration is allocated to the net assets acquired according to the assets and liabilities respective fair value, including acquired properties which is amortised over the LOM. Where the purchase price cannot be attributed to the assets acquired, it is allocated to goodwill and amortised on a straight line basis over the lesser of the LOM or 20 years until 31 December 2001. In accordance with the provisions of SFAS 142, goodwill is no longer amortised but reviewed annually for impairment effective from 1 January 2002.

In cases where traded equity securities are exchanged as consideration, IFRS requires the fair value of the consideration to be determined based on market value at the date of the exchange transaction. The date of acquisition is considered to be when effective control over the acquired assets and liabilities is obtained.

US GAAP requires that the fair value of such transaction be determined, at the date the terms and conditions of the transaction are agreed to and announced, by the average trading price of a few days before and after the acquisition is agreed to and announced.

II IFRS exceptional loss reversed

Represents the reversal of the loss on disposal of the Free State assets recorded in IFRS in 2002. Under US GAAP, the value of the Free State assets were written down in 2001 to the net selling price per the sale agreement.

III Post-retirement medical benefits

Under IFRS, post-retirement medical benefits are accounted for in accordance with the provisions of IAS 19. Under US GAAP these benefits are accounted in accordance with the provisions of SFAS 106.

Under IFRS, only the contractual liability for post-retirement is accounted for. Under US GAAP, both the contractual and the liability in excess of contributions made by plan members are accounted for. The adjustment to post-retirement medical benefits refers to the actuarial valuation as calculated by independent actuaries.

IV Normandy transaction costs

Under IFRS, the transaction costs relating to the Normandy bid were charged to share premium. Under US GAAP, these expenses are expensed as an aborted business combination.

V Stock compensation expense

Under US GAAP performance-related options are accounted for as variable compensation awards in accordance with Accounting Principles Board Opinion No. 25 (APE No. 25). A compensation expense is calculated at the end of each reporting period until the performance obligation has been met or waived. Compensation expense will vary based on the fluctuations of the underlying stock price in excess of the exercise price.

VI Other

Other consists of other differences between IFRS and US GAAP that are considered insignificant to be quantified individually.

Supplemental information to the condensed consolidated financial statements.

Condensed reconciliation between IFRS and US GAAP

results for the year ended and as at 31 December 2003

VII Income taxes

Reflects the tax impact of the differences between IFRS and US GAAP.

VIII Cumulative effect of accounting changes

Hedge accounting

The \$10m (net of provision for deferred taxation of \$2m) cumulative effect of change in accounting policy represents the transitional adjustment resulting from the adoption of SFAS 133 on 1 January 2001. In accordance with IAS 39, such adjustments are recorded to opening retained earnings.

Asset retirement obligations

The \$3m (net of provision for deferred taxation) cumulative effect of change in accounting policy represents the transitional adjustment resulting from the adoption of SFAS 143 on 1 January 2003. Under IFRS, accounting for provisions and contingencies is dealt with in IAS 37.

Supplemental information to the condensed consolidated financial statements.

Investment in principal subsidiaries and joint venture interests

for the year ended 31 December 2003

	Nature of business	Shares held		Percentage held		Book value		Net loan account		
		2003	2002	2003 %	2002 %	2003 Rm	2002 Rm	2003 Rm	2002 Rm	
Direct investments										
	Advanced Mining Software Limited	C	40,000	40,000	100	100	2	2	(11)	(7)
	AGRe Insurance Company Limited	G	2	2	100	100	14	14	22	17
	AngloGold American Investments Limited ¹	B	1	1	100	100	928	928	14	19
	AngloGold Geita Holdings Limited ¹	B	2,513	–	71.53	–	1,394	–	–	–
	AngloGold Health Service (Pty) Limited	F	8	8	100	100	–	–	67	68
	AngloGold Offshore Investments Limited ¹	B	5,001,000	5,001,000	100	100	3,858	3,858	(1,054)	(1,074)
			43,251*	43,251*	100	100	–	–	–	–
	AngloGold Ventures (Pty) Limited	E	1	1	100	100	–	–	–	9
	Eastvaal Gold Holdings Limited	B	454,464,000	454,464,000	100	100	917	917	(604)	(604)
	iGolide (Pty) Limited	F	100	100	100	100	–	–	–	–
	Masakhisane Investment Limited	B	100	100	100	100	–	–	6	5
	Nuclear Fuels Corporation of SA (Pty) Limited	D	1,450,000	1,450,000	100	100	7	7	–	–
	Nufcor International Limited ⁹	D	3,000,000	3,000,000	50	50	18	18	18	–
	Rand Refinery Limited ^{**}	H	208,471	208,471	53.03	53.03	116	–	–	–
	Southvaal Holdings Limited	B	26,000,000	26,000,000	100	100	3	3	(67)	(81)
Indirect investments										
	AngloGold (Colorado) Corp. ⁵	B	10,000	10,000	100	100	–	–	–	–
	AngloGold (Nevada) Corp. ⁵	B	1,000	1,000	100	100	–	–	–	–
	AngloGold Argentina Limited ¹	B	1	1	100	100	–	–	–	–
	AngloGold Argentina S.A. ⁶	B	1,331,093	1,331,093	100	100	–	–	–	–
	AngloGold Australia Investment Holdings Limited ¹	B	2,000	2,000	100	100	–	–	–	–
			43,251*	43,251*	100	100	–	–	–	–
	AngloGold Australia Limited ⁸	B	257,462,077	257,462,077	100	100	–	–	25	24
	AngloGold Brasil Ltda. ⁷	B	8,827,437,875	8,827,437,875	100	100	–	–	–	–
	AngloGold Brazil Limited ¹	B	1	1	100	100	–	–	–	–
	AngloGold Finance Australia Holdings Limited ¹⁰	B	1,002	1,002	100	100	–	–	–	–
			43,251*	43,251*	100	100	–	–	–	–
	AngloGold Finance Australia Limited ¹⁰	B	1,002	1,002	100	100	–	–	–	–
			43,251*	43,251*	100	100	–	–	–	–
	AngloGold Geita Holdings Limited ¹	B	1,000	1,000	28.47	100	–	–	–	1,831
	AngloGold Investments Australasia Limited ¹	B	2,000	2,000	100	100	–	–	–	–
			43,251*	43,251*	100	100	–	–	–	–
	AngloGold Investments Australia Pty Ltd ⁸	B	1	1	100	100	–	–	14	14
	AngloGold Investments (Sadex) Limited ¹	B	1,000'A	1,000'A	100	100	–	–	10	46
	AngloGold Mining (West Africa) Limited ²	B	5,000	5,000	100	100	–	–	–	–
	AngloGold Morila Holdings Limited ¹	B	1,000	1,000	100	100	–	–	–	–
	AngloGold Namibia (Pty) Ltd ³	B	10,000	10,000	100	100	–	–	–	–
	AngloGold North America Inc. ⁵	B	7,902	7,902	100	100	–	–	504	603
	AngloGold North American Holdings Limited ¹	B	1	1	100	100	–	–	–	–
	AngloGold South America Limited ¹	B	488,000	488,000	100	100	–	–	(193)	(248)
	AngloGold South American Holdings Limited ¹	B	1	1	100	100	–	–	–	–
	AngloGold USA Incorporated ⁵	B	100	100	100	100	–	–	–	–
	Cerro Vanguardia S.A. ⁶	A	13,875,000	13,875,000	92.50	92.50	–	–	–	–
	Chellaston Limited ¹	B	2	2	100	100	–	–	–	–
	Cluff Resources Limited ⁹	B	46,819,281	46,819,281	50	50	–	–	–	–
	Dysart International Limited ¹	B	2	2	100	100	–	–	–	–
	Erongo Holdings Limited ¹	B	13,334'A	13,334'A	100	100	–	–	(13)	(17)
	Mineração Morro Velho Ltda. ⁷	A	4,822,582,443	4,585,851,748	100	100	–	–	–	–
	Mineração Serra Grande S.A. ⁷	A	499,999,997	499,999,997	50	50	–	–	–	–
	Quorum International Limited ¹	B	2	2	100	100	–	–	–	–
	Sadiola Exploration Limited ¹	B	5,000 'A'	5,000 'A'	50	50	–	–	–	–
Joint ventures										
	Geita Gold Mining Limited ¹¹	A	1	1	50	50	–	–	–	–
	Société des Mines de Morila S.A. ⁴	A	400	400	40	40	–	–	–	1,150
	Société d'Exploitation des Mines d'Or de Sadiola S.A. ⁴	A	38,000	38,000	38	38	–	–	–	–
	Société d'Exploitation des Mines d'Or de Yatela S.A. ⁴	A	400	400	40	40	–	–	–	–
	BGM Management Company Pty Ltd ⁸	A	3'B'	3'B'	33.33	33.33	–	–	–	–
						7,257	5,747	(1,262)	1,755	

Nature of business

- A – Mining
- B – Investment holding
- C – Software development
- D – Market agent
- E – Marketing intermediary
- F – Health care
- G – Short-term insurance and re-assurance
- H – Precious metal refining

* Indicates preference shares

** Accounted for as an associate in 2002 as AngloGold did not govern the financial and operating policies of Rand Refinery Limited

The aggregate interest in the net profits and losses in subsidiaries are as follows:

\$ m	2003	2002
Net profits	274	300
Net losses	(95)	(156)
	179	144

All companies are incorporated in the Republic of South Africa except where otherwise indicated

- 1 Incorporated in the British Virgin Islands
- 2 Incorporated in the Isle of Man
- 3 Incorporated in Namibia
- 4 Incorporated in Mali
- 5 Incorporated in the United States of America
- 6 Incorporated in Argentina
- 7 Incorporated in Brazil
- 8 Incorporated in Australia
- 9 Incorporated in the United Kingdom
- 10 Incorporated in Malta
- 11 Incorporated in Tanzania

Glossary of terms

Adjusted headline earnings

Headline earnings excluding unrealised non-hedge derivatives and marked-to-market of debt financial instruments.

Adjusted operating profit

Operating profit excluding unrealised non-hedge derivatives.

Adjusted operating margin

Adjusted operating profit divided by gold sales including realised non-hedge derivatives.

By-products

Any products that arise from the core process of producing gold, including silver, uranium and sulphuric acid.

Net capital employed

Equity plus minority interests, interest-bearing debt, less cash and cash equivalents. Where average net capital employed is referred to, this is the average of the figures at the beginning and the end of the financial year.

Capital expenditure

Total capital expenditure on mining assets both to maintain and to expand operations.

Cash operating profit

Adjusted operating profit plus amortisation of mining assets.

Cash operating margin

Adjusted operating profit plus amortisation of mining assets divided by gold sales including realised non-hedge derivatives.

Dividend cover

Adjusted headline earnings per ordinary share divided by dividends per ordinary share.

Debt

Borrowings including short-term portion.

Effective tax rate

Current and deferred taxation as a percentage of profit on ordinary activities before taxation.

EBITDA

Profit before exceptional items and before net interest, growth in the Environmental Rehabilitation Trust Fund, amortisation of mining assets, foreign exchange gain (loss) on transactions other than sales, unwinding of the decommissioning obligation, unrealised non-hedge derivatives and marked-to-market of debt financial instruments.

Equity

Shareholders' equity adjusted for other comprehensive income and deferred taxation. Where average equity is referred to, this is calculated by averaging the figures at the beginning and the end of the financial year.

Free cash flow

Net cash inflow from operating activities less capital expenditure to maintain operations.

Grade

The quantity of gold contained within a unit weight of gold-bearing material generally expressed in ounces per short ton of ore (oz/t), or grams per metric tonne (g/t).

Interest cover

EBITDA divided by finance costs.

Life-of-mine (LOM)

Number of years that the operation is planning to mine and treat ore, and is taken from the current mine plan.

Glossary of terms

Market capitalisation

Number of ordinary shares in issue at close of business on 31 December multiplied by the closing share price as quoted on the JSE Securities Exchange South Africa.

Mineral Resource

A Mineral Resource is a concentration or occurrence of material of economic interest in or on the earth's crust in such form, quality and quantity that there are reasonable and realistic 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 geological confidence, into Inferred, Indicated and Measured categories. The Mineral Resources are inclusive of those resources which have been modified to produce Mineral Reserves.

Net operating assets

Mining assets, inventories, trade receivables, less trade payables.

Net debt

Debt less cash and cash equivalents.

Net tangible asset value per share

Shareholders' equity less goodwill, divided by the number of ordinary shares in issue.

Operating margin %

Adjusted operating profit as a percentage of gold income including realised non-hedge derivatives.

Mineral Reserve

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.

Ounces (oz) (troy)

Used in imperial statistics. A kilogram is equal to 32.1507 ounces.

Price received (\$/oz and R/kg)

Attributable gold income including realised non-hedge derivatives divided by attributable ounces/kilograms sold.

Rehabilitation

The process of restoring mined land to allow an appropriate post-mining use. Rehabilitation standards are determined amongst others by the South African Department of Minerals and Energy, the US Bureau of Land Management, the US Environmental Protection Agency, and the Australian Minerals Industry Code for Environmental Management, and address ground and surface water, topsoil, final slope gradient, waste handling and re-vegetation issues.

Region

Defines the operational management divisions within AngloGold and these are South Africa, East and West Africa, Australia, North America and South America.

Return on net capital employed

Adjusted headline earnings before finance costs expressed as a percentage of average net capital employed, adjusted for the timing of acquisitions and disposals.

Return on equity

Adjusted headline earnings expressed as a percentage of the average equity, adjusted for the timing of acquisitions and disposals.

Total cash costs

Total cash costs include site costs for all mining, processing and administration, as well as contributions from by-products and are inclusive of royalties and production taxes. Amortisation, rehabilitation, corporate administration, retrenchment, capital and exploration costs are excluded. Total cash costs per ounce are the attributable total cash costs divided by the attributable ounces of gold produced.

Total production costs

Total cash costs including amortisation, retrenchment, rehabilitation and other non-cash costs. Corporate administration, capital and exploration costs are excluded. Total production costs per ounce are the attributable total production costs divided by the attributable ounces of gold produced.

Weighted average number of ordinary shares in issue

The number of ordinary shares in issue at the beginning of the year, increased by shares issued during the year, weighted on a time basis for the period during which they have participated in the income of the group.

Ordinary shares were sub-divided at close of business on 24 December 2002 on a 2:1 basis. All references to ordinary shares, and related calculations have been restated to take cognisance of this sub-division.

Abbreviations

\$	United States Dollars
A\$	Australian Dollars
ADS	American Depositary Share
bn	Billion
capex	Capital expenditure
CHF	Swiss Francs
CLR	Carbon Leader Reef
FCFA	Communauté Financière Africaine Francs
FIFR	Fatal Injury Frequency Rate per million hours worked
g	Grams
g/t	Grams per tonne
g/TEC	Grams per total employee costed
kg	Kilograms
LIBOR	London interbank offer rate
LOM	Life-of-mine
LTIFR	Lost Time Injury Frequency Rate per million hours worked

Note that AngloGold utilises the strictest definition in reporting Lost Time Injuries in that it includes all Disabling Injuries (where an individual is unable to return to his place of regular work the next calendar day after the injury) and Restricted Work Cases (where the individual may be at work, but unable to perform full or regular duties on the next calendar day after the injury) within this definition.

m²/TEC	Square metres per total employee costed
m	Metre or million, depending on the context
Moz	Million ounces
Mt	Million tonnes or tons
Mtpa	Million tonnes/tons per annum
N\$	Namibian Dollars
NOSA	National Occupational Safety Association
oz	Ounces (troy)
oz/t	Ounces per ton
R or ZAR	South African rands
RIFR	Reportable Injury Frequency Rate per million hours worked
t	Tons (short) or tonnes (metric)
tpm	Tonnes per month
tpa	Tonnes per annum
tpd	Tonnes per day
VCR	Ventersdorp Contact Reef

Rounding of figures in this report may result in computational discrepancies.

Shareholders' information

Stock exchange listings

The primary listing of the company's ordinary shares is on the JSE Securities Exchange South Africa (JSE). Its ordinary shares are also listed on stock exchanges in London and Paris, as well as being quoted in Brussels in the form of International Depositary Receipts (IDRs), in New York in the form of American Depositary Shares (ADSs) and in Australia, in the form of Clearing House Electronic Subregister System Depositary Interests (CDIs).

Stock exchange information as at 31 December

		2003	2002	2001	2000	1999
JSE Securities Exchange South Africa						
Rands per share:						
Market price	– high	339.00	347.00	248.00	192.50	214.00
	– low	191.00	200.00	104.20	93.00	112.50
	– year end	313.99	290.50	211.00	110.50	158.30
Shares traded	– 000	88,025	117,543	91,318	49,804	63,574
London Stock Exchange						
Pounds per share:						
Market price	– high	23.68	23.26	13.90	17.76	20.86
	– low	16.58	4.20	9.13	8.57	11.43
	– year end	26.42	10.54	12.09	9.73	16.00
Shares traded	– 000	1,187	8,643	18,862	4,984	6,625
Euronext Paris						
Euros per share:						
Market price	– high	41.23	37.73	25.00	28.90	34.30
	– low	24.10	18.78	14.26	14.10	16.62
	– year end	38.00	33.00	19.53	15.93	25.45
Shares traded	– 000	841	1,917	1,678	1,894	2,824
Euronext Brussels						
Euros per share:						
Market price	– high	40.50	37.50	24.90	24.98	34.10
	– low	24.10	32.00	14.52	14.28	16.75
	– year end	36.55	32.05	20.25	15.93	25.43
IDRs traded	– 000	973	3,138	1,638	2,004	5,270
Each IDR is equal to one ordinary share.						
New York Stock Exchange						
US Dollars per ADS:						
Market price	– high	49.95	35.33	22.34	28.69	37.00
	– low	32.80	17.62	13.15	12.25	18.31
	– year end	46.70	34.26	18.06	14.94	25.69
ADSs traded	– 000	249,791	210,933	106,231	46,940	41,355
Each ADS is equal to one ordinary share.						
Australian Stock Exchange						
(listing commenced 15 November 1999)						
Australian Dollars per CDI:						
Market price	– high	13.55	12.00	8.00	8.68	8.90
	– low	8.61	7.00	4.80	4.75	7.10
	– year end	12.80	12.00	7.55	5.48	7.64
CDIs traded	– 000	12,788	6,758	62,576	17,830	4,870
Each CDI is equal to one-fifth of one ordinary share.						

Australian Stock Exchange Listing Rules

The following disclosures are made pursuant to the Listing Rules of the Australian Stock Exchange and according to information available to the directors:

The 20 largest holders of the ordinary share capital of the company as at 31 January 2004 were:

	Ordinary shares held	
	Number	%
Anglo American plc	121,502,197	54.45
The Bank of New York	27,555,996	12.34
ANZ Nominees Limited	10,891,245	4.88
JP Morgan Chase Bank	9,295,833	4.16
Public Investment Commissioners	7,164,807	3.21
Old Mutual Group	3,549,498	1.59
Soges Fiducem SA	3,503,096	1.57
Sanlam Group	2,512,517	1.13
State Street Bank and Trust	2,441,107	1.09
Mines Pension Fund	1,929,670	0.86
National Nominees Limited	1,505,566	0.67
SIS Segaintersettle AG	1,344,072	0.60
Euroclear France SA	1,331,190	0.60
Liberty Group	1,125,204	0.50
Engineering Industries Pension Fund	847,592	0.38
Allan Gray Funds	826,699	0.37
Investment Solutions	818,765	0.37
Citibank (Global)	736,840	0.33
Prudential M&G Funds	730,268	0.33
Investors Bank and Trust Company West	658,172	0.29

The above list of shareholders may not necessarily reflect the beneficial shareholders.

Analysis of ordinary shareholdings at 31 January 2004

Size of holding	Number of shareholders	% of total shareholders	Number of shares	% of shares issued
1 – 100 shares	6,428	38.78	430,013	0.19
101 – 500 shares	6,861	41.40	1,618,926	0.73
501 – 1,000 shares	1,350	8.15	978,813	0.44
1,001 – 5,000 shares	1,237	7.46	2,717,873	1.22
5,001 – 10,000 shares	244	1.47	1,777,876	0.80
10,001 – 100,000 shares	382	2.30	11,364,372	5.09
Over 100,000	72	0.44	204,331,769	91.53
Total	16,574	100.00	223,219,642	100.00

Shareholders' information (continued)

Shareholder spread as at 31 January 2004

Pursuant to the Listings Requirements of the JSE, with the best knowledge of the directors and after reasonable enquiry, the spread of shareholders was as follows:

Class	Number of holders	%
Ordinary shares		
Non-public shareholders:		
Directors	7	0.03
Shares held by Anglo American plc	1	0.01
Public shareholders	16,566	99.96
Total	16,574	100.00

A redeemable preference shares }
 B redeemable preference shares } All shares are held by a wholly owned subsidiary company

Major shareholders as at 24 February 2004

According to information available to the directors, the following are the only shareholders beneficially holding, directly or indirectly, in excess of 5% of the ordinary share capital of the company:

	24 February 2004		Ordinary shares held 31 December 2003		31 December 2002	
	Number	%	Number	%	Number	%
Anglo American plc	122,863,176	55.04	121,502,197	54.45	114,457,368	51.41
The Bank of New York*	36,017,376	16.13	36,753,386	16.47	39,879,957	17.91

* Shares held through various custodians in respect of ADSs issued by the Bank.

Voting rights

The articles of association provide that every member present at a meeting in person or, in the case of a body corporate, represented, is entitled to one vote only on a show of hands. Upon a poll, members present or any duly appointed proxy shall have one vote for every share held. There are no limitations on the right of non-South African shareholders to hold or exercise voting rights attaching to any shares of the company. CDI holders are not entitled to vote in person at meetings, but may vote by way of proxy.

Options granted in terms of share incentive schemes do not carry a right to vote.

Diary

Financial year end	31 December
Annual financial statements issued	15 March 2004
Annual general meeting	11:00 on 29 April 2004
Quarterly reports released (on or about)	
Quarter ended 31 March 2004	29 April 2004
Quarter and six months ended 30 June 2004	29 July 2004
Quarter and nine months ended 30 September 2004	28 October 2004
Quarter and year ended 31 December 2004	28 January 2005

Dividends

	Declared	Last date to trade ordinary shares cum dividend	Payment date to shareholders	Payment date to ADS holders
Final – No. 95	29 January 2004	13 February 2004	27 February 2004	8 March 2004
Interim – No. 96	28 July 2004*	13 August 2004*	27 August 2004*	10 September 2004*
Final – No. 97	27 January 2005*	11 February 2005*	25 February 2005*	11 March 2005*

* Approximate dates.

Currency conversion guide

At 31 December one Rand was equal to:

	2003	2002
Australian Dollar	0.20	0.20
Euro	0.12	0.11
Japanese Yen	16.08	13.72
Swiss Franc	0.19	0.16
British Pound	0.08	0.07
US Dollar	0.15	0.12

Directorate and administration

AngloGold Limited

Registration No. 1944/017354/06
Incorporated in the Republic of South Africa
ISIN: ZAE000043485

Directors Executive

R M Godsell (Chief Executive Officer)
J G Best
D L Hodgson
K H Williams

Non-executive

R P Edey* (Chairman)
Dr T J Motlatsi (Deputy Chairman)
F B Arisman#
Mrs E le R Bradley
C B Brayshaw
A W Lea (Alternate: P G Whitcutt)
W A Nairn (Alternate: A H Calver*)
J Ogilvie Thompson (Alternate: D D Barber)
N F Oppenheimer
A J Trahar

* British # American

Managing secretary

Ms Y Z Simelane

Company secretary

C R Bull

Offices

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Fax: +61 8 9323 2033

ADR Depositary

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New York, NY 10286
United States of America
Telephone: +1 888 269 2377
Fax: +1 212 571 3050/3052

GLOBAL BUYDIRECTSM

The Bank of New York maintains a direct share purchase and dividend reinvestment plan for AngloGold.

For additional information, please visit The Bank of New York's website at www.globalbuydirect.com or call Shareholder Relations on 1-888-BNY-ADRS

or write to:

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AngloGold Website

<http://www.anglogold.com>

This Annual Report is available in printed format from the contacts whose details appear above or on the Internet at the above website address. In addition, AngloGold has produced the Form 20-F (a report required by the Securities and Exchange Commission in the United States), copies of which are available on or about 15 March 2004, free of charge on EDGAR at www.sec.gov, or from the contacts given above.

Supplementary information on Mineral Resources, Ore Reserves and development, prepared on a business unit basis, is obtainable from the above sources as well as in PDF format on the AngloGold website. Plans of the South Africa region underground workings are also available on request.