

ANGLOGOLD LTD  
Form 6-K  
August 01, 2003





**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 6-K**

**Report of Foreign Issuer**

**Pursuant to Rule 13a-16 or 15d-16 of  
the Securities Exchange Act of 1934**

**Form 6-K dated July 31, 2003**

*This Report on Form 6-K shall be incorporated by reference in  
our Registration Statement on Form F-3 as amended (File No. 333-101891)  
to the extent not superseded by documents or reports subsequently filed by us under the Securities  
of 1933 or the Securities Exchange Act of 1934, in each case as amended*

AngloGold Limited

**(Name of Registrant)**

11 Diagonal Street

Johannesburg, 2001

(P O Box 62117)

Marshalltown, 2107

South Africa

**(Address of Principal Executive Offices)**

(Indicate by check mark whether the registrant files or will file annual reports under

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cover of Form 20-F or Form 40-F.)

**Form 20-F**

Form 40-F

(Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

Yes

**No**

(If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-\_\_\_\_\_)

Enclosure[s]: AngloGold unaudited condensed consolidated financial

statements as of June 30, 2003 and December 31, 2002 and for each of the six month periods ended June 30, 2003 and 2002, prepared in accordance with U.S. GAAP, and related management's discussion and analysis of financial condition and results of operations.





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ANGLOGOLD LIMITED

INTERIM REPORT FOR THE SIX MONTHS ENDED JUNE 30, 2003

Condensed consolidated financial statements

CONDENSED CONSOLIDATED INCOME STATEMENT

Prepared in accordance with US GAAP

Six months ended June 30,

2003

(unaudited)

2002

(unaudited)

(in US Dollars, millions, except for share data)

Sales and other income

991	798
-----	-----

Product sales

972	779
-----	-----

Interest, dividends and other

19

19

Cost and expenses

819	618
-----	-----



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Production costs		
600		412
Exploration costs		
18		13
Related party transactions		
10		
19		
General and administrative		
23		
10		
Royalties		
14		9
Market development costs		
8		
8		
Research and development		
-		
1		
Depreciation, depletion and amortization		
155		
150		
Impairment of assets (see note E)		
12		
-		
Interest expense		
17		24
Accretion expense (see note D)		
3		

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-

Employment severance costs

1

2

(Profit)/loss on sale of assets (see note F)

(3)

10

Gain on derivatives

(39)

(40)

**Income before equity income and income tax**

172

180

Equity income in affiliates

-

2

**Income before income tax provision**

172

182

Deferred income and mining tax (expensed)/benefit

(67)

11

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**Income before minority interest**

105	193
-----	-----

Minority interest

(9)	(6)
-----	-----

**Income before cumulative effect of accounting change**

96	187
----	-----

Cumulative effect of accounting change (see note D)

6

-

**Net income applicable to common stockholders**

102	187
-----	-----

**Basic earnings per common share : (cents)**

**Before cumulative effect of accounting change**

43	84
----	----

**Cumulative effect of accounting change**

3	-
---	---

**Net income - applicable to common stockholders**

46	84
----	----

**Diluted earnings per common share : (cents)**

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**Before cumulative effect of accounting change**

43 84

**Cumulative effect of accounting change**

3 -

**Net income applicable to common stockholders**

46 84

**Weighted average number of common shares used in computation**

222,737,513 221,478,418

**Dividend per common share (cents)**

82 49

2





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ANGLOGOLD LIMITED

CONDENSED CONSOLIDATED BALANCE SHEET

Prepared in accordance with US GAAP

At June 30,

2003

(unaudited)

At December 31,

2002

(in US Dollars, millions)

**Assets**

**Current assets**

927	1,038
-----	-------

Cash and cash equivalents

311

413

Receivables

465

488

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Trade		
57		48
Derivatives (see note K)		
261		
233		
Value added taxes		
27		
26		
Other		
120		181

Inventories (see note B)

151		
137		

**Property, plant and equipment**

2,192		2,015
-------	--	-------

**Acquired properties**

944		902
-----	--	-----

**Goodwill**



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381 345

**Derivatives** (see note K)

79 64

**Materials on the leach pad** (see note B)

90 79

**Other long-term assets**

170 134

**(1)**

**Total assets**

4,783 4,577

**Liabilities and Stockholders' equity**

**Current liabilities**

993 799

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Accounts payable and accrued liabilities

320

282

Derivatives (see note K)

307

302

Short-term debt

340

84

Income and mining tax payable

26

131

Long-term debt

551

842

**Derivatives** (see note K)

160

236

**Deferred income and mining tax**

704

561

**Provision for environmental rehabilitation**

140

140

**(1)**

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**Other accrued liabilities**

16	12
----	----

**Provision for post-retirement medical benefits**

145	127
-----	-----

**Minority interest**

39	40
----	----

**Commitments and contingencies**

-	-
---	---

**Share capital and reserves**

2,035	1,820
-------	-------

**Common stock**

Stock issued 2003 - 222,785,154 (2002 - 222,622,022)

9

9

Additional paid in capital

3,405

3,403

Retained deficit

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(648)

(567)

Accumulated other comprehensive income (see note J)

(731)

(1,025)

**Total liabilities and stockholders' equity**

4,783

4,577

**(1)**

Certain amounts have been reclassified to conform with the current period presentation.

3





ANGLOGOLD LIMITED

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Prepared in accordance with US GAAP

Six months ended June 30,

2003

(unaudited)

2002

(unaudited)

(in US Dollars, millions)

Net cash provided by operating activities

224

202

Income before cumulative effect of accounting change

96

187

Reconciled to net cash provided by operations:

Profit on sale of assets

(3)

-

Depreciation, depletion and amortization

155

150

Deferred stripping costs

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(17)

(8)

Impairment of assets

12

-

Other non cash items

20

18

Net increase in provision for environmental

rehabilitation and post-retirement medical

benefits

(10)

(7)

Deferred income and mining tax

19

(78)

Effect of changes in operating working capital items:

Receivables

(39)

(27)

Inventories

(24)

(34)

Accounts payable and accrued liabilities

15

1



**Net cash (used)/generated in investing activities**

(123) 159

Increase in non-current investments

-

(32)

Additions to property, plant and equipment

(126)

(118)

Proceeds on sale of mining assets

2

-

Proceeds on sale of investments

-

158

Cash received as part of disposal

1

141

Loans receivable advanced

(1)

(4)

Loans receivable repaid

1

14

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**Net cash used in financing activities**

(221) (246)

Decrease in short-term debt

(51)

(690)

Issuance of stock

2

8

Share issue expenses

-

-

Increase in long-term debt

18

545

Dividends paid

(190)

(109)

**Net (decrease)/increase in cash and cash equivalents**

(120) 115

**Effect of exchange rate changes on cash**

18	32
----	----

**Cash and cash equivalents - January 1,**

413	191
-----	-----

**Cash and cash equivalents - June 30,**

311	338
-----	-----

4





**ANGLOGOLD LIMITED**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2003**

Prepared in accordance with US GAAP

**Note A. Basis of presentation**

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") for interim financial information. Accordingly, they do not include all of the information and footnotes required by US GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the six-month period ended June 30, 2003 are not necessarily indicative of the results that may be expected for the year ending December 31, 2003.

The balance sheet at December 31, 2002 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by US GAAP for complete financial statements.

For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report on Form 20-F for the year ended December 31, 2002.

**Note B. Inventories**

At June 30,

2003

At December 31,

2002

(unaudited)

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(in US Dollars, millions)

The components of inventory consists of the following :

Gold in process

129 115

Gold on hand

8 3

Ore stockpiles

31 26

Uranium oxide and sulfuric acid

11 13

Supplies

62 59

241

216

Less: Long-term portion relating to heap leach inventory

(1)

(90)

(79)

151 137

(1)

Long-term portion relating to heap leach inventory reclassified as materials on the leach pad.

**Note C. Deferred stripping costs**

Movements in the deferred stripping costs balance were as follows:

Opening balance		
48		31
Additions		
17		10
Amortization		
(3)		(6)
Translation		
10		13
Closing balance		
72		48

Deferred stripping costs are classified as a component of Property, plant and equipment and are considered to be insignificant to the balance sheet on a cumulative basis and the amounts deferred or amortized are included in production costs in the condensed consolidated statements of income for all periods presented.

**Note D. Accounting change**

The Company has adopted SFAS143 "Accounting for Asset Retirement Obligations (AROs)" with effect from 1 January 2003 as follows:

The statement provides accounting and reporting guidance for legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction or normal



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operations of long-lived assets. SFAS143 applies to legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction and/or the normal operation of a long-lived asset.

Under SFAS143 the fair value of a liability for an asset retirement obligation is recorded in the period in which it is incurred. When the liability is initially recorded, the cost is capitalized increasing the carrying amount of the related long-lived asset. Over time, the liability is increased to reflect an interest element (accretion) considered in its initial measurement at fair value, and the capitalized cost is amortized over the useful life of the related asset. Upon settlement of the liability, a gain or loss will be recorded if the actual cost incurred is different than the liability recorded.

The adoption of SFAS143 on January 1, 2003 resulted in an increase in Property, plant and equipment of \$12 million, an increase in Provision for environmental rehabilitation of \$6 million and a cumulative effect of adoption which increased net income and stockholder's equity by \$6 million. No increase in Deferred income and mining tax was recorded upon the adoption of SFAS143.





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ANGLOGOLD LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2003...continued

Prepared in accordance with US GAAP

**Note D. Accounting change (continued)**

(in US Dollars,

The following is a reconciliation of the total liabilities for asset retirement obligations:

millions)

Balance as at December 31, 2002

140

Impact of adoption of SFAS143

6

Additions to liabilities

3

Liabilities settled

(23)

(1)

Accretion expense

3

Revisions

-

Translation

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11

Balance as at June 30, 2003

140

(1)

Includes \$21 million relating to the disposal of Jerritt Canyon to Queenstake Resources USA Inc. effective June 30, 2003. (Refer to Note F)

Upon adoption of SFAS143, the total amount of recognized liabilities for asset retirement obligation was \$146 million. These liabilities mainly relate to obligations at the Group's active and inactive mines to perform reclamation and remediation activities in order to meet applicable existing environmental laws and regulations. Using the principles of SFAS143, current information, assumptions and interest rates, the comparative amount of these total liabilities would have been \$142 million at December 31, 2001.

There were no assets that were legally restricted for purposes of settling asset retirement obligation as at June 30, 2003.

The results for the six months ended June 30, 2002 on an historical basis, do not reflect the provisions of SFAS143. Had AngloGold adopted SFAS143 on January 1, 2002, the historical net income (loss) and basic and diluted net income (loss) per common share before cumulative effect of accounting change, would have been changed to the adjusted amounts indicated below:

Six Months Ended June 30, 2002

(unaudited)

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(in US Dollars, millions, except for share data)

Net income

(loss) before

cumulative

effect of

accounting

change

Pro forma

Net income

(loss) per

basic

common

share (cents)

Pro forma

Net income

(loss) per

diluted

common

share (cents)

As reported historical basis

187

84

84

Less: Impact on earnings before tax

(2)

-

(1)

Income tax impact

-

-

-

Adjusted

185

84

83

**Note E. Impairment of assets**

In the six months ended June 30, 2003 the Company recorded an impairment of assets of \$12 million relating to the abandonment of exploration activities in the Australian region. No impairment of assets was recorded in the six months ended June 2002.

**Note F. (Profit)/loss on sale of assets**

Following the sale of its 70 percent interest in the Jerritt Canyon Joint Venture in North America Queenstake Resources USA Inc. effective June 30, 2003, AngloGold recorded a profit on disposal of \$6 million. The profit had no tax effect. On May 23, 2003, AngloGold announced that it had signed an agreement to sell its wholly owned Amapari Project to Mineracao Pedra Branca do Amapari. The Amapari project is located in the State of Amap, North Brazil. AngloGold realized a loss of \$3 million (before taxation expense of \$1 million) on the sale.

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As disclosed in the Company's annual report on Form 20-F for the year ended December 31, 2002, the Company disposed of its holding of 159,703,481 Normandy shares during January 2002, for a gross amount of \$158 million. The carrying amount was \$158 million and costs related to the transaction amounted to \$10 million, resulting in a loss of \$10 million. The Company exchanged \$147 million of its own stock for Normandy shares.

### **Note G. Stock-based compensation plans**

The Company has adopted the disclosure-only provisions of SFAS123 and applies Accounting Principles Board Opinion No. 25 (APB No. 25) and related interpretations in accounting for its employee stock-based compensation plans.

At June 30, 2003, the Company has two stock-based employee compensation plans, which consists of time-based awards and the performance related awards as disclosed in the Company's annual report on Form 20-F for the year ended December 31, 2002. During the six months ended June 30, 2003 and 2002 there was no compensation expense recognized related to time-based awards as the exercise price of all awards was greater than or equal to the fair market value of the underlying stock on the date of grants.

No compensation expense was recognized as of June 30, 2003 related to the performance related awards under APB No. 25, as the exercise price was greater than or equal to the fair market value







ANGLOGOLD LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2003.....continued

Prepared in accordance with US GAAP

Note G. Stock-based compensation plans (continued)

the date of grant and the end of the interim reporting period. The performance related options are accounted for as variable compensation awards, accordingly the 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. The following table illustrates the effect on net income and earnings per share if the Company had applied the fair value recognition provisions of SFAS123 to stock-based employee compensation.

Six months ended June 30,	
2003	2002
(unaudited)	(unaudited)
(in US Dollars, millions)	
Net income, as reported	
102	187
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	
(5)	
(3)	
Pro forma net income	

97

184

Earnings per share (cents)

Basic as reported

46

84

Basic pro forma

44

83

Diluted as reported

46

84

Diluted pro forma

43

83

Six months ended June 30,

Note H. Segment information

2003

2002

(unaudited)

(unaudited)

(in US Dollars, millions)

Revenues by area

South Africa

550

444

East and West Africa

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163	130
North America	
83	70
South America	
113	86
Australia	
82	68
Total revenues	
991	798

Segment income/(loss) before deferred income and mining tax

South Africa	
92	105
East and West Africa	
49	35
North America	
(1)	(2)
South America	
38	23
Australia	
(4)	4
Total segment income/(loss)	
174	165

Reconciliation of segment income/(loss) to Net income

Segment total

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174	165
Exploration	
(18)	(13)
General and administrative expenses	
(23)	
(10)	
Gain on derivatives	
39	40
Deferred income and mining tax (expensed)/benefit	
(67)	
11	
Minority interest	
(9)	(6)
Cumulative effect of accounting change	
6	
-	
Net income	
102	187

At June 30,

2003

At December 31,

2002

(unaudited)

(in US Dollars, millions)

Segment assets

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South Africa		
2,351		2,243
East and West Africa		
877		837
North America		
431		557
South America		
587		455
Australia		
537		485
Total segment assets		
4,783		4,577

Six months ended June 30,

Note I. Earnings per share data

2003	2002
------	------

The following table sets forth the computation of basic and diluted

(unaudited)

(unaudited)

Earnings per share for the periods indicated.

(in US Dollars, millions)







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ANGLOGOLD LIMITED

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2003.....continued**

Prepared in accordance with US GAAP

**Note I. Earnings per share data (continued)**

Numerator

Income before cumulative effect of accounting change

96

187

Cumulative effect of accounting change

6

-

Net income applicable to common stockholders

102

187

Denominator for basic earnings per common share

Weighted average number of common shares

222,737,513

221,478,418

Basic earnings per common share (cents)

46

84

Dilutive potential common shares

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Weighted average number of common shares

222,737,513

221,478,418

Dilutive potential of stock incentive options

700,077

436,914

Denominator for diluted earnings per common share

Adjusted weighted average number of common shares and assumed conversions

223,437,590

221,915,332

Diluted earnings per common share (cents)

46

84

### **Note J. Accumulated other comprehensive income**

Other comprehensive income, consists of the following:

### **Note K. Derivatives**

The derivatives of \$261 million (current assets), \$79 million (long-term assets), \$307 million (current liabilities) and \$160 million (long-term liabilities) resulted from recording the derivatives on the balance sheet in accordance with SFAS133.

The Company does not acquire, hold or issue derivatives for economic trading purposes. A number of products, including derivatives, are used to manage 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 manage its exposure to gold price and currency fluctuations. The board of directors sets limits for the volume of

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production to be hedged, the nature of instruments utilized and the maximum tenor of hedging structures.

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.

**Six months ended June 30,**

<b>2003</b>	<b>2002</b>
(unaudited)	(unaudited)
(in US Dollars, millions)	
Opening balance	
(1,025)	(1,234)
Translation gain / (loss)	
214	155
Financial instruments	
80	(100)
(731)	
(1,179)	
Net income	
102	187
Translation gain / (loss)	
214	155
Financial instruments	

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80

(100)

Total other comprehensive income is:

396

242

The fair value including normal purchase or sale type contracts, and carrying value of the derivatives are :

At June 30, 2003

At June 30, 2003

**Current**

**Long-term**

**Fair Value**

**Carry Value**

**Fair Value**

**Carry Value**

(unaudited)

(unaudited)

(unaudited)

(unaudited)

(in US Dollars, millions)

(in US Dollars, millions)

**Assets**

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Forward sales type agreements

236 226

171

72

Option type contracts

31 31

65

7

Foreign exchange contracts

4 4

- -

**Total**

271 261

236 79

**Liabilities**

Forward sales type agreements

266 229

210 152

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Option type contracts

76 76

132

8

Foreign exchange contracts

1 1

- -

Foreign exchange option contracts

1 1

- -

**Total**

344 307

342 160

8







**ANGLOGOLD LIMITED**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2003.....continued**

Prepared in accordance with US GAAP

**Note K. Derivatives (continued)**

The derivatives are categorized as follows:

At June 30, 2003

Carry Value

(unaudited)

(in US Dollars, millions)

Cash flow hedges

(118)

Held for trading

(9)

(127)

**Note L. Commitments and contingencies**

In November 2002, the FASB issued FASB Interpretation ("FIN") 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of

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Indebtedness of Others, an Interpretation of FASB Statements 5, 57, 107 and Rescission of FASB Interpretation No. 34." FIN45 requires recognition and measurement of guarantees entered into or modified beginning on January 1, 2003 and requires expanded disclosure of guarantees as of December 31, 2002. The Company has conformed its disclosures with respect to guarantees to the requirements of FIN45 as detailed below.

Pursuant to US environmental regulations, gold mining companies are obligated to close their operations and rehabilitate the lands that they mine in accordance with these regulations. AngloGold North America has posted reclamation bonds with various federal and governmental agencies to cover potential environmental obligations in amounts aggregating approximately \$79 million. The bonded amounts will be reduced by approximately \$33 million in July 2003, as a result of the sale of Jerritt Canyon to Queenstake Resources USA Inc. effective June 30, 2003. (Refer to Note F)

AngloGold has provided a guarantee for these obligations which would be payable in the event of AngloGold North America not being able to meet their environmental obligations. As at June 30, 2003 the carrying value of these environmental obligations relating to AngloGold North America amounted to \$30 million and are included in the Provision for environmental rehabilitation in the Company's consolidated balance sheet. The environmental obligations will expire upon completion of such rehabilitation. There are no recourse provisions that would enable AngloGold to recover from third parties any of the amounts paid under the guarantee.

Pursuant to the assignment of equipment leases to Queenstake Resources USA Inc., as a result of the sale of Jerritt Canyon effective June 30, 2003, AngloGold North America has become secondarily liable in the event of a default by Queenstake Resources USA Inc. in performance of any of the lessee's obligations arising under the Lease. These agreements have an approximate term of 3 years and the maximum potential amount of future payments amounts to \$2 million.

AngloGold has provided a letter of credit in favor of the Geita project finance lenders for \$19 million.

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The letter of credit may be called if Geita Gold Mining Limited fails to perform under their project finance agreement and has a potential maximum tenor in accordance with this agreement. The Geita Project Finance loan is included in Long-term debt in the Company's consolidated balance sheet. In this event, Geita Gold Mining Limited would be liable to AngloGold.

AngloGold has signed as surety in favor of the bankers on the Yatela loan for \$7 million. This loan is included in Long-term debt in the Company's consolidated balance sheet.

### **Note M. Recent developments**

**During the six months ended June 30, 2003 AngloGold made the following announcements:**

On March 13, 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 17,000 square kilometres in the east Kimberley region of Western Australia. An expenditure of \$4.61 million (A\$7.75 million) entitles AngloGold to a 51 percent return on income.





**ANGLOGOLD LIMITED**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2003.....continued**

Prepared in accordance with US GAAP

**Note M. Recent developments (continued)**

On May 16, 2003, AngloGold issued a cautionary announcement to shareholders in which it confirmed that the boards of Ashanti Goldfields Company Limited and AngloGold were in discussion regarding the proposed merger of the two companies at a ratio of 26 AngloGold shares for every 100 Ashanti ordinary shares and global depositary securities. These proposals may or may not lead to a proposal being made for the entire issued share capital of Ashanti. This announcement was followed by a further cautionary announcement on June 13, 2003 in which AngloGold advised that the Government of Ghana, a substantial shareholder and regulator of Ashanti, was taking appropriate professional advice in considering the proposed merger. A further cautionary announcement, advising shareholders to exercise caution in dealing in AngloGold's shares was issued on June 13, 2003.

On May 23, 2003, AngloGold announced that it had signed an agreement to sell its wholly-owned Amapari Project to Minerao Pedra Branca do Amapari, for the total consideration of \$18.2 million. The Amapari project is located in the State of Amap, North Brazil. Since acquiring the property as part of the Minorco transaction, the Company 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.

On June 6, 2003, AngloGold announced that it had finalized the sale of its 49 percent 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), 1.25 million fully-paid Helix shares issued at A\$0.20 per share and 1.25 million Helix options exercisable at A\$0.25 per option before November 30, 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, 60 kilometres to the south, was excluded from the final agreement. This resulted in a restructure of the original agreement terms, as announced on April 8, 2003.

On July 2, 2003, AngloGold announced that it had concluded the sale of its interest in the Jerritt Canyon Joint Venture to Queenstake Resources USA Inc. effective June 30, 2003. This followed negotiations originally announced on February 27, 2003. Queenstake paid the Jerritt Canyon Joint Venture partners, AngloGold and Meridian Gold, \$1.5 million in cash and 32 million shares of Queenstake stock, with \$6 million in deferred payments and \$4 million in future royalty payments. Queenstake accepted full closure and reclamation liabilities. The

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shares acquired by AngloGold in this transaction were issued by Queenstake Resources Limited, a subsidiary of Queenstake, and represents approximately 9.2 percent of that company's issued share capital.

### **Note N. Declaration of dividends**

On January 30, 2003 AngloGold declared a final dividend of 675 South African cents (82 US cents) per ordinary share for the year ended December 31, 2002 with a record date of February 21, 2003 and a payment date of February 28, 2003 and on July 30, 2003 AngloGold declared an interim dividend of 375 South African cents (approximately 51 US cents) per ordinary share for the six months ended June 30, 2003 with a record date of August 22, 2003 and a payment date of August 29, 2003 for holders of ordinary shares and CDIs, and September 12, 2003 for holders of ADSs.

### **Note O. Supplemental condensed consolidating financial information**

Subject to the necessary regulatory approvals, AngloGold intends to transfer all of its operations and assets in North and South America, East and West Africa and Australia to AngloGold International Holdings SA (formerly Walsdon Limited) ("Luxco"), its wholly-owned subsidiary. Luxco is a Luxembourg registered company.

It is AngloGold's intention that from time to time Luxco may assume or issue debt securities which will be fully and unconditionally guaranteed by AngloGold Limited (being the "Guarantor"). The following is condensed consolidating financial information for the AngloGold group as of June 30, 2003 and December 31, 2002 and for the six months ended June 30, 2003 and 2002, with a separate column for each of Luxco as Issuer, AngloGold Limited as Guarantor, and the other businesses of the AngloGold group combined (the "Non-Guarantor Subsidiaries"). For the purposes of the condensed consolidating financial information, AngloGold carries its investments under the equity method.







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ANGLOGOLD LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2003.

Prepared in accordance with US GAAP

Note O. Supplemental condensed consolidating financial information (continued)

Condensed consolidating statements of income

FOR THE SIX MONTHS ENDED JUNE 30, 2003

(In million US dollars, except share information)

AngloGold

(the "Guarantor")

Luxco

(the "Issuer")

Other subsidiaries

(the "Non-Guarantor

Subsidiaries")

Cons

adjustments

Total

Sales and other income

573

-

446

(28)

991

**Product sales**

536

-

436

-

972

**Interest, dividends and other**

37

-

10

(28)

19

**Costs and expenses**

439

-

380

-

819

**Production costs**

382

-

218

-

600

**Exploration costs**

1

-

17

-

18

**Related party transactions**

10

-

-

-

10

**General and administrative**

21

-

2

-

23

Royalties paid/(received)

29

-

(15)

-

14

Market development costs

8

-

-

-

8

Research and development

-

-

-

-

-

Depreciation, depletion and amortization

39

-

116

-

155

Impairment of assets

-

-

12

-

12

Interest expense

5

-

12

-

17

Accretion expense

1

-

2

-

3

Employment severance costs

1

-

-

-

1

Loss/(profit) on sale of assets

1

-

(4)

-

(3)

(Gain)/loss on derivatives

(59)

-

20

-

(39)



Income/(loss) before equity income and income tax

134

-

66

(28)

172

Equity income in affiliates

-

-

-

-

-

Equity income/(loss) in subsidiaries

30

-

-

(30)

-

Income/(loss) before income tax provision

164

-

66

(58)

172

Deferred income and mining tax expensed

(57)

-

(10)

-

(67)

Income/(loss) before minority interest

107

-

56

(58)

105

Minority interest

-

-

(9)

-

(9)

Income/(loss) after minority interest

107

-

47

(58)

96

Preferred stock dividends

(5)

-

(23)

28

-

Income/(loss) before cumulative effect of accounting change

102

-

24

(30)

96

Cumulative effect of accounting change

-

-

6

-

6

Net income/(loss) - applicable to common stockholders

102

-

30

(30)

102

11





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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2003.

Prepared in accordance with US GAAP

**Note O. Supplemental condensed consolidating financial information (continued)**

**Condensed consolidating statements of income**

**FOR THE SIX MONTHS ENDED JUNE 30, 2002**

**AngloGold**

(the "Guarantor")

**Luxco**

(the "Issuer")

**Other subsidiaries**

(the "Non-Guarantor

Subsidiaries")

**Cons**

**adjustments**

**Sales and other income**

479

359

(40)

798

Product sales

427

-

352

-

779

Interest, dividends and other

-

7

(40)

19

Costs and expenses

356

-

262

-

618

Production costs

237

-



-

412

Exploration costs

1

-

12

-

13

Related party transactions

19

-

-

-

19

General and administrative

9

1

-

10

Royalties paid/(received)

51

-

(42)

-

Market development costs

8

-

-

-

8

Research and development

-

-

-

1

Depreciation, depletion and amortization

42

-

108

Impairment of assets

-

-

-

-

-

ANGLOGOLD LIMITED

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(In million US dollars, except share information)

Total

-

52

175

-

9

1

-

150

12

10

-

14

-

24

Interest expense

-

Accretion expense

-

-

-

-

Employment severance costs

2

-

-

2

Loss on sale of assets

10

-

-

-

10

(34)

-

(6)

-

(40)

Income/(loss) before equity income and income tax

123

-

97

(40)

180

Equity income in affiliates

2

-

-

-

2

Equity income/(loss) in subsidiaries

32

-

(32)

-

-

Gain on derivatives

-

Income/(loss) before income tax provision

157

-

97

(72)

182

Deferred income and mining tax benefit /(expensed)

34

-

(23)

-

11

Income/(loss) before minority interest

191

-

74

(72)

193

Minority interest

-

-

(6)

-

(6)

Income/(loss) after minority interest

-

68

(72)

187

Preferred stock dividends

(4)

-

(36)

40

-

Income/(loss) before cumulative effect of accounting change

187

-

32

(32)

187

Cumulative effect of accounting change

-

-

-

-

-

Net income/(loss) - applicable to common stockholders

187

-

32

(32)

187

191







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ANGLOGOLD LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2003.

Prepared in accordance with US GAAP

Note O. Supplemental condensed consolidating financial information (continued)

**Condensed consolidating balance sheets**

**AT JUNE 30, 2003**

(In million US dollars, except share information)

AngloGold

(the "Guarantor")

Luxco

(the "Issuer")

Other subsidiaries

(the "Non-Guarantor  
Subsidiaries")

Cons

adjustments

Total

**ASSETS**

**Current Assets**

1,478

-

1,411

(1,962)

927

**Cash and cash equivalents**

17

-

294

-

311

**Receivables**

1,395

-

1,032

(1,962)

465

**Trade**

29

-

28

-

57

**Inter-group balances**

1,095

-

867

(1,962)

-

**Derivatives**

223

-

38

-

261

**Value added taxes**

8

-

19

-

27

**Other**

40

-

80

-

120

**Inventories**

66

-

85

-

151

**Property, plant and equipment**

1,135

-

1,057

-

2,192

**Acquired properties**

320

-

624

-

944

**Goodwill**

1

-

639

(259)

381

**Derivatives**

76

-

3

-

79

**Materials on the leach pad**

-

-

90

-

90

Other long-term assets

1,278

-

163

(1,271)

170

Total assets

4,288

-

3,987

(3,492)

4,783

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities

1,406

7

1,505

(1,925)

993



Accounts payable and accrued liabilities

191

-

101

28

320

Inter-group balances

677

7

1,269

(1,953)

-

Derivatives

251

-

56

-

307

Short-term debt

270

-

70

-

340

Income and mining tax payable

17

-

9

-

26

Long-term debt

-

-

551

-

551

**Derivatives**

79

-

81

-

160

**Deferred income and mining tax**

567

-

165

(28)

704

**Provision for environmental rehabilitation**

54

-

86

-

140

**Other accrued liabilities**

4

-

12

-

16

Provision for post-retirement medical benefits

143

-

2

-

145

Minority interest

-

-

39

-

39

Commitments and contingencies

-

-

-

-

-

Share capital and reserves

2,035

(7)

1,546

(1,539)

2,035

Common stock issued

9

-

451

(451)

9

**Additional paid in capital**

3,405

-

901

(901)

3,405

**Retained deficit**

(648)

(7)

122

(115)

(648)

**Accumulated other comprehensive income**

(731)

-

72

(72)

(731)

Total liabilities and stockholders' equity

4,288

-

3,987

(3,492)

4,783

13







ANGLOGOLD LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2003.

Prepared in accordance with US GAAP

Note O. Supplemental condensed consolidating financial information (continued)

Condensed consolidating balance sheets

AT DECEMBER 31, 2002

(In million US dollars, except share information)

AngloGold

(the "Guarantor")

Luxco

(the "Issuer")

Other subsidiaries

(the "Non-Guarantor  
Subsidiaries")

Cons

adjustments

Total

ASSETS

Current Assets

1,100

-

1,437

(1,499)

1,038

Cash and cash equivalents

184

-

229

-

413

Receivables

858

-

1,129

(1,499)

488

Trade

4

-

44

-

48

Inter-group balances

548

-

951

(1,499)

-

**Derivatives**

180

-

53

-

233

**Value added taxes**

10

-

16

-

26

**Other**

116

-

65

-

181

**Inventories**

58

-

79

-

137

Property, plant and equipment

939

-

1,076

-

2,015

Acquired properties

294

-

608

-

902

Goodwill

1

-

603

(259)

345

Derivatives

61

-

3

-

64

Materials on the leach pad

-

-

79

-

79

Other long-term assets

1,079

-

131

(1,076)

134

Total assets

3,474

-

3,937

(2,834)

4,577

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities

656

7

1,599

(1,463)

799

Accounts payable and accrued liabilities

159

-

101

22

282

Inter-group balances

126

7

1,352

(1,485)

-

Derivatives

247

-

55

-

302

Short-term debt

2

-

82

-

84

Income and mining tax payable

122

-

9

-

131

Long-term debt

264

-

578

-

842

Derivatives

137

-

99

-

236

Deferred income and mining tax

427

-



156

(22)

561

Provision for environmental rehabilitation

45

-

95

-

140

Other accrued liabilities

-

-

12

-

12

Provision for post-retirement medical benefits

125

-

2

-

127

Minority interest

-

-

40

-

40

Commitments and contingencies

-  
-  
-  
-  
-

**Share capital and reserves**

1,820

(7)

1,356

(1,349)

1,820

**Common stock issued**

9

-

451

(451)

9

**Additional paid in capital**

3,403

-

901

(901)

3,403

**Retained deficit**

(567)

(7)

92

(85)

(567)

Accumulated other comprehensive income

(1,025)

-

(88)

88

(1,025)

Total liabilities and stockholders' equity

3,474

-

3,937

(2,834)

4,577

14





ANGLOGOLD LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2003.

Prepared in accordance with US GAAP

Note O. Supplemental condensed consolidating financial information (continued)

Condensed consolidating statements of cash flow

FOR THE SIX MONTHS ENDED JUNE 30, 2003

(In million US dollars, except share information)

AngloGold

(the "Guarantor")

Luxco

(the "Issuer")

Other subsidiaries

(the "Non-Guarantor  
Subsidiaries")

Cons

adjustments

Total

(the "Non-Guarantor Subsidiaries")

Net cash provided by/(used in) operating activities

82

- 170

(28)

224

Income/(loss) after minority interest

107

-

47

(58)

96

Reconciled to net cash provided by/(used in) operations:

Loss/(profit) on sale of assets

1

-

(4)

-

(3)

Depreciation, depletion and amortization

39

-

116

-

155

Deferred stripping costs

-

-

(17)

-

(17)

Impairment of assets

-

-

12

-

12

Other non cash items

(59)

-

49

30

20

Net increase in provision for environmental rehabilitation  
and post-retirement medical benefits



(6)

-

(4)

-

(10)

Deferred income and mining tax

37

-

(18)

-

19

Effect of changes in operating working capital items:

Net movement in inter-group receivables and payables

4

-

(4)

-

-

**Receivables**

(42)

-

3

-

(39)

**Inventories**

(8)

-

(16)

-

(24)

**Accounts payable and accrued liabilities**

9

-

6

-

15

**Net cash used in investing activities**

(77)

-

(46)

-

(123)

Increase in non-current investments

-

-

-

-

-

Additions to property, plant and equipment

(76)

-

(50)

-

(126)

Proceeds on sale of mining assets

(1)

-

3

-

2

Proceeds on sale of investments

-

-

-

-

-

Cash received as part of disposal

-

-

1

-

1

Loans receivable advanced

-

-

(1)

-

(1)

Loans receivable repaid

-

-

1

-

1

Net cash (used)/generated in financing activities

(188)

-

(61)

28

(221)

Decrease in short-term debt

(7)

-

(44)

-

(51)

Insurance of stock

2

-

-

-

2

Share issue expenses

-

-

-

-

-

Increase in long-term debt

12

-

6

-

18

Dividends paid

(195)

-

(23)

28

(190)

Net (decrease)/increase in cash and cash equivalents

(183)

-

63

-

(120)

Effect of exchange rate changes on cash

16

-

2

-

18

Cash and cash equivalents January 1,

184

-

229

-

413

Cash and cash equivalents June 30,

17

-

294

-

311

15







ANGLOGOLD LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2003.

Prepared in accordance with US GAAP

Note O. Supplemental condensed consolidating financial information (continued)

Condensed consolidating statements of cash flow

FOR THE SIX MONTHS ENDED JUNE 30, 2002

(In million US dollars, except share information)

AngloGold

(the "Guarantor")

Luxco

(the "Issuer")

Other subsidiaries

(the "Non-Guarantor  
Subsidiaries")

Cons

adjustments

Total

Net cash provided by/(used in) operating activities

176

-

66

(40)

202

Income/(loss) after minority interest

191

-

68

(72)

187

Reconciled to net cash provided by/(used in) operations:

Profit on sale of assets

-

-

-

-

-

Depreciation, depletion and amortization

42

-

108

-

150

Deferred stripping costs

-

-

(8)

-

(8)

Impairment of assets

-

-

-

-

-

Other non cash items

(21)

-

7

32

18

Net increase in provision for environmental rehabilitation  
and post-retirement medical benefits

-

-

(7)

-

(7)

Deferred income and mining tax

(73)

-

(5)

-

(78)

Effect of changes in operating working capital items:

Net movement in inter-group receivables and payables

47

-

(47)

-

-

Receivables

(20)

-

(7)

-

(27)

**Inventories**

(6)

-

(28)

-

(34)

**Accounts payable and accrued liabilities**

16

-

(15)

-

1

**Net cash generated/ (used) in investing activities**

237

-

(78)

-

159

Increase in non-current investments

(26)

-

(6)

-

(32)

Additions to property, plant and equipment

(40)

-

(78)

-

(118)

Proceeds on sale of mining assets

-

-

-

-

-

Proceeds on sale of investments

158

-

-

-

158

Cash received as part of disposal

141

-

-

-

141

Loans receivable advanced

-

-

(4)

-

(4)

Loans receivable repaid

4

-

10

-

14



Net cash (used)/generated in financing activities

(306)

-

20

40

(246)

Decrease in short-term debt

(264)

-

(426)

-

(690)

Insurance of stock

8

-

-

-

8

Share issue expenses

-

-

-

-

-

Increase in long-term debt

63

-

482

-

545

Dividends paid

(113)

-

(36)

40

(109)

Net increase in cash and cash equivalents

107

-

8

-

115

Effect of exchange rate changes on cash

30

-

2

-

32

Cash and cash equivalents January 1,

41

-

150

-

191

Cash and cash equivalents June 30,

178

-

160

-

338







**Operating and financial review and prospects**

**Introduction**

***Impact of exchange rate fluctuations***

In line with the global trend of a weaker US dollar, the rand strengthened against the US dollar in the first six months of 2003 (based on the exchange rates of R8.58 and R7.48 per US dollar on 2003 and June 30, 2003, respectively). In addition, when comparing the average exchange rates of against the US dollar of R8.03 and R10.99 during the first six months of 2003 and 2002, respectively, the value of the rand gained 27 percent against the US dollar. The Australian dollar also strengthened against the US dollar by 13 percent based on the average exchange rates of A\$1.62 and A\$1.87 per US dollar during the first six months of 2003 and 2002, respectively. Over the first half of 2003, about 73% of AngloGold's production costs were denominated in these currencies, while revenues from product sales were realized in US dollars predominantly. Similarly, local currencies in South America and Mali have gained value against the US dollar over the period. As a result of the strong local currencies, production costs expressed in US dollars increased during the six-month period ended June 30, 2003 when compared with the same period in 2002 which negatively impacted on the profitability of AngloGold.

***Acquisitions and dispositions***

The global gold mining industry has experienced active consolidation and rationalization activities in recent years. Accordingly, AngloGold has been, and expects to continue to be, involved in acquisitions and dispositions as part of this global trend if and where this is value adding.

In November 2001, AngloGold announced the sale of its Free State operations (the Free State assets) in South Africa effective January 1, 2002. The sale closed in April 2002. AngloGold also announced the sale of its Normandy shares in January 2002 after its offer to purchase all of the outstanding share capital of Normandy Mining Limited in Australia expired without it obtaining control of Normandy.

On May 16, 2003, AngloGold issued a cautionary announcement to shareholders in which it confirmed that the boards of Ashanti Goldfields Company Limited and AngloGold were in discussion regarding the proposed merger of the two companies at a ratio of 26 AngloGold shares for every 100 Ashanti ordinary shares. These proposals may or may not lead to a proposal being made for the issuance of new global depository securities. These proposals may or may not lead to a proposal being made for the issuance of new share capital of Ashanti. A further cautionary announcement, advising shareholders to exercise caution in dealing in AngloGold's shares was issued on June 13, 2003.

On May 23, 2003, AngloGold announced that it had signed an agreement to sell its wholly-owned AmaPari Project to Mineracao Pedra Branca do Amapari, for the total consideration of \$18.2 million. The AmaPari project is located in the State of Amapa, North Brazil. Since acquiring the property as part of this transaction, the Company has sought to prove up additional reserve ounces in order to get it to a stage that would justify the management resources needed to run it effectively. This was not achieved. AngloGold, on receiving a fair offer from a purchaser who could constructively turn this orebody into a mine, agreed to sell.

On June 6, 2003, AngloGold announced that it had finalized the sale of its 49 percent stake in the Craton Joint Venture, including the Tunkillia project located in South Australia to Helix Resources. Consideration for the sale comprised cash of \$500,000 (A\$750,000), 1.25 million fully-paid Helix







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issued at A\$0.20 per share and 1.25 million Helix options exercisable at A\$0.25 per option before 30, 2003 with an additional payment of \$335,000 (A\$500,000) deferred to the delineation of a mine resource of 350,000 ounces. Helix's proposed acquisition of AngloGold's rights to the Tarcoola Project, 10 kilometres to the south, was excluded from the final agreement. This resulted in a restructure of agreement terms, as announced on April 8, 2003.

On July 2, 2003, AngloGold announced that it had concluded the sale of its interest in the Jerritt Canyon Joint Venture to Queenstake Resources USA Inc. effective June 30, 2003. This followed negotiations originally announced on February 27, 2003. Queenstake paid the Jerritt Canyon Joint Venture partners, AngloGold and Meridian Gold, \$1.5 million in cash and 32 million shares of Queenstake stock, with \$6 million in future payments and \$4 million in future royalty payments. Queenstake accepted full closure and reclamation liabilities. The shares acquired by AngloGold in this transaction were issued by Queenstake Resources USA Limited, a subsidiary of Queenstake, and represents approximately 9.2 percent of that company's issued share capital.

### **Gold market**

In AngloGold's view, activity in the gold market reflected ongoing interest in gold in a period of financial, economic and political uncertainty. With the exception of the spur to the spot price of gold following the announcement of Newmont Mining Corporation's offer of settlement to the Yandal creditors, the price appeared to be driven mostly by movement of the US dollar against the Euro. In AngloGold's observation, the weakening US dollar has been good for a range of commodities, including base metals, oil, but investor and speculator interest has been particularly focused on gold as the most consistent beneficiary of the weaker US dollar.

AngloGold's expectations of the gold price for the next 12 to 24 months are tied closely to the US dollar and, more broadly, of the US economy. As the US dollar weakens, so AngloGold expects the price to rise.

The overwhelming consensus of commentators on currency markets is for a continued weakening of the US dollar against the Euro, specifically against the Euro, with some major players looking for exchange rates as low as 1 US dollar to 1 Euro by the end of 2004. These forecasts seem to ignore some of the fundamental weaknesses in the European economies today (particularly as a stronger Euro will continue to squeeze growth in Germany) which would argue against further strengthening of the common European currency. However, the reality is that many of the Asian economies (Japan and China especially) seem to resist the re-valuation of their currencies against the US dollar by actively buying US bonds, and as a result, in AngloGold's view, the burden might well have to bear a disproportionate burden of the markets concerns over the US dollar. For this reason, AngloGold believes that the Euro could move to an overvalued exchange rate against the US dollar.

Whilst the weakening of the US dollar has been the indicator for gold price movements, the vehicle effecting those price movements has been the New York Comex. Speculators and investors who trade on the Comex have so far shown a consistent pattern in gold buying, with a core net long holding of some 45 million ounces, and opportunistic trading up to aggregate net long positions of 1014 million ounces. AngloGold believes that it will be important for gold that Comex continue to support the price through sustained buying as the economic indicators continue to favor gold.

The physical market appears to continue to react negatively to higher prices. Ongoing spot price increases has also not helped the physical markets to adjust their buying thresholds to new price ranges. In 2003, Indian imports all but ceased, and offtake is unlikely to resume until post-monsoon season.





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August 2003. Italian offtake for the first quarter of 2003 was reported to decline by 27 percent and there are indications that consumer offtake of gold jewellery in the USA has been weak.

This fall in offtake has been offset by sustained de-hedging from producers. After a reduction of tonnes in net gold producer hedge positions reported for 2002, the first quarter of 2003 saw hedge further 143 tonnes according to public reports. This, in AngloGold's view, has provided an important weaker physical demand, as well as assisting to balance sharply higher flows of scrap gold onto the markets throughout 2002. This was particularly so in the first quarter of 2003, when scrap flows reported to reach a rate equivalent to almost 1,000 tonnes per annum. The current reported level of sales or recycling of gold exceed by a significant margin the previous record levels of selling scrap during the Asian currency crises of late 1997 - 1998. With producer sales reduced by de-hedging, these scrap flows appear to have been absorbed by the market, but AngloGold believes that some long-term equilibrium is required in the physical market in order for this level of selling not to weigh on the price of gold.

The spot price opened at \$346 per ounce in January 2003 and closed at \$345 per ounce in June 2003 compared with \$279 per ounce in January 2002 and \$314 per ounce in June 2002. The average spot price of gold was \$349 per ounce during the six months ended June 30, 2003, \$47 per ounce, or 16 percent higher than \$302 per ounce, the average spot price in the first six months of 2002. During the first six months of 2003, the highest spot price of gold was \$389 per ounce compared to a high of \$328 per ounce in the same period in 2002. The lowest spot price of gold was \$319 per ounce during the six months ended June 30, 2003, 15 percent higher than \$277 per ounce, the lowest spot price of gold for the same period ended June 30, 2002.

### **Operating review**

Presented in the table below is selected operating data for AngloGold for the six months ended June 30, 2003 and 2002. The operating data gives effect to the acquisitions and dispositions discussed above.

### **Operating data for AngloGold**

#### **Six months ended June 30,**

**2003**

**2002**

#### **Gold production (000 oz)**

**2,836**

**2,803**

#### **Total cash cost (\$/oz)**

**217**

**156**

#### **Total production cost (\$/oz)**

**272**

**210**

#### **Capital expenditure (\$ million)**

**126**

**Gold production**

For the six months ended June 30, 2003, AngloGold's total gold production increased by 33,000 ounces, or about 1 percent, to 2.84 million ounces from 2.80 million ounces produced in the same period in 2002. Production from operations located in South Africa decreased from 1,687,000 ounces produced in the six months to June 30, 2002, to 1,612,000 ounces produced over the same period of 2003. This was mainly the result of lower recovered grades and area mined at Great Noligwa, Ergo and Savuka, which was partially offset by an improvement in recovered grade at Mponeng and Tau Lekoa. Gold production in East and West Africa increased from 450,000 ounces produced in the six months to June 30, 2002, to 485,000 ounces over the same period of 2003. This increase in production of 35,000 ounces was mainly due to a higher recovered grade and tonnage throughput at Morila which was partially offset by lower grades at Geita. Gold production in the North America region increased by 39,000 ounces from 209,000 ounces in the six months ended June 30, 2002 to 248,000 ounces produced over the same period during 2003. This was largely due to production at Creek & Victor which increased capacity arising from the commissioning of a new crushing facility and improvements in leach solution chemistry and leach pad transport timing. Gold production in South America







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increased by 59,000 ounces from 206,000 ounces in the six months ended June 30, 2002 to 265,000 ounces produced over the same period during 2003. This was mainly due to the impact of the additional 46 percent interest acquired during July 2002 in the Cerro Vanguardia mine in Argentina on the production of the current half year when compared with 2002. The Australian operations recorded gold production of 226,000 ounces during the six months ended June 30, 2003, compared with 251,000 ounces over the same period of 2002. This decrease in production of 25,000 ounces was mainly due to lower recovered grades at Union Reefs as the operation nears closure.

In the quarter ended June 30, 2003, gold production increased by 32,000 ounces, or 2 percent to 1,402,000 ounces from 1,402,000 ounces produced during the quarter ended March 31, 2003. This increase was mainly due to higher production from the South African, East and West African and North American operations. Anticipated lower grades at some operations were more than offset by higher volumes at other operations.

Looking ahead to the operations for the rest of the year, AngloGold expects performance to improve as the grade at Geita in Tanzania strengthens and production levels at Cripple Creek and Victor in the US during the third and fourth quarters of 2003.

### **Total cash cost and total production cost**

Total cash cost for the six months ended June 30, 2003 was \$217 per ounce, \$61 per ounce, or 39 percent higher than the cash cost of \$156 per ounce recorded in the same period in 2002.

This change was mainly due to substantially higher cash costs for South African and Australian operations for the six months ended June 30, 2003, which increased by 64 percent and 27 percent respectively, when compared to the same period in 2002. This increase in total cash costs at the South African and Australian operations were mainly due to the strengthening of the South African rand and Australian dollar relative to the US dollar (based on the average exchange rates of the rand against the US dollar of R8.03 and the Australian dollar against the US dollar of A\$1.62 and A\$1.87, during the six months ended June 30, 2003 and 2002, respectively). Similarly, local currencies in South America and Mali have gained value against the US dollar which contributed to higher dollar-denominated costs.

Total cash costs for the three months ended June 30, 2003 also increased by 6 percent compared to the quarter ended March 31, 2003 mainly as a result of exchange rate movements discussed in the previous paragraph.

Total production costs for the six months ended June 30, 2003 were \$272 per ounce, \$62 per ounce, or 25 percent higher than the total production costs of \$210 per ounce recorded in the same period of 2002.

### **Reconciliation of total cash costs and total production costs to the condensed consolidated financial information**

Total cash costs and total production costs are calculated in accordance with the guidelines of the Gold Institute industry standard and are not US GAAP measures. The Gold Institute is a non-profit international association of miners, refiners, bullion suppliers and manufacturers of gold products, which has a uniform format for reporting total production costs on a per ounce basis. The standard was first adopted in 1996 and revised in November 1999.

Total cash costs, as defined in the Gold Institute industry standard are production costs as recorded in the statement of operations, less offsite (i.e. central), general and administrative expenses (including depreciation and amortization).





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costs charged to the mines, central training expenses, industry association fees, refinery charge (development costs) and rehabilitation costs, plus royalties and employee termination costs.

Total cash costs as calculated and reported by AngloGold include costs for all mining, processing, administration, royalties and production taxes, as well as contributions from by-products, but exclude depreciation, depletion and amortization, rehabilitation, employment severance costs, corporate administration costs, capital costs and exploration costs. Total cash costs per ounce are calculated by dividing total cash costs by ounces of gold produced. Total cash costs have been calculated on a consistent basis for all periods presented.

Total production costs, as defined in the Gold Institute industry standard are total cash costs, using the Gold Institute industry standard, plus amortization, depreciation and rehabilitation costs. Total production costs as calculated and reported by AngloGold include total cash costs, plus depreciation, depletion and amortization, employee severance costs and rehabilitation and other non-cash costs. Total production costs per ounce are calculated by dividing total production costs by ounces of gold produced. Total production costs have been calculated on a consistent basis for all periods presented.

Total cash costs and total production costs should not be considered by investors in isolation or as alternatives to production costs, net income/(loss) applicable to common stockholders, income/(loss) before income tax provision, net cash provided by operating activities or any other measure of financial performance presented in accordance with US GAAP or as an indicator of the Company's performance. While the Gold Institute has provided definitions for the calculation of total cash costs and total production costs, the calculation of total cash costs, total cash costs per ounce, total production costs and total production costs per ounce may vary significantly among gold mining companies, and by themselves do not necessarily provide a basis for comparison with other gold mining companies. However, the Company believes that total cash costs and total production costs in total and per ounce are useful indicators to investors and management as they provide:

- \* an indication of profitability, efficiency and cash flows;
- \* the trend in costs as the mining operations mature over time on a consistent basis; and
- \* an internal benchmark of performance to allow for comparison against other mining companies.

A reconciliation of production costs as included in the Company's unaudited condensed consolidated financial information to total cash costs and to total production costs for each of the six months ended June 30, 2003 and 2002 is presented below. In addition the Company has also provided below details of ounces of gold produced in total for each of those periods.





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For the six months ended June 30,

(in \$ millions, except as otherwise noted)

2003

2002

Production costs per condensed consolidated financial information

600

412

*Less:*

Rehabilitation costs & other non-cash costs

(6)

(3)

*Plus:*

Inventory movement

9

18

Royalties

14

9

Related party transactions

(2)

10

9

*Adjusted for:*

Minority interests

(3)

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(6)

(6)

Non-gold producing companies and adjustments

(7)

(1)

**Total cash costs**

**614**

**438**

*Plus:*

Depreciation, depletion and amortization

155

150

Employee severance costs

1

2

Rehabilitation and other non-cash costs

6

3

*Adjusted for:*

Minority interests

(3)

(4)

(4)

Non-gold producing companies and adjustments

(1)

-

**Total production costs**



771

589

**Gold produced (000' ounces)**

(4)

2,836

2,803

**Total cash costs per ounce**

(1)

217

156

**Total production costs per ounce**

(1)

272

210

(1)

*In addition to the operational performances of the mines, total cash costs per ounce and total production costs per ounce are affected by fluctuations in the currency exchange rate. AngloGold reports total cash costs per ounce and total production costs per ounce calculated to the nearest US dollar amount and gold produced in ounces.*

(2)

*Related party transactions is a separately disclosed item on AngloGold's condensed consolidated financial statements. However, this expense relates solely to production costs as included in the Company's condensed consolidated financial statements and has, accordingly, been included in total production costs and total cash costs.*

(3)

*Adjusting for minority interest of items included in calculation, to disclose the attributable production costs.*

(4)

*Attributable production only.*

**Capital expenditures**

Capital expenditure during the six months ended June 30, 2003 was \$126 million compared with \$118 million for the same period in 2002. This \$8 million, or 7 percent, increase is primarily the result of the \$36 million increase in capital expenditure in South Africa, from \$40 million spent in the six months ended June 2002 to \$76 million for the same period in 2003, mainly due to the Moab Khotsong and Mponeng deepening projects and, second, the \$31 million decrease in capital expenditure in the North American region from \$47 million recorded in the first six months of 2002 to \$16 million spent in the six months ended June 30, 2003, mainly due to the completion of the expansion projects at Cripple Creek and Victor during the six months ended June 30, 2003. East and West African, South American and Australian regions recorded capital expenditures of \$12 million, \$16 million and \$6 million in the six months to June 2003, compared to \$11 million, \$14 million and \$6 million in the same period in 2002.

On July 30, 2003, the directors of AngloGold have approved capital expenditure on two organic growth projects. Approval has been given for the R1.2 billion (approximately \$130 million) projects at the VCR and one CLR extension. These are expected to deliver approximately 1.8 million ounces over the next ten years. In addition, A\$87 million has been set aside for the underground feasibility study at the VCR. This cost is expected to be more than offset by revenue generated from the 300,000 ounces produced by the trial mining that will form part of this study.





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Comparison of financial performance on a segment basis for the six months ended June 30, 2003 and 2002

AngloGold produces gold as its primary product and does not have distinct divisional segments in principal business activity, but manages its business on the basis of five different geographic s

**Revenues**

Six months ended June 30,

2003

2002

US dollar,

millions

Percentage

US dollar,

millions

Percentage

Category of activity

Product sales

972

779

Interest, dividends and other

19

19

Total revenues

991

798

**Geographical area data**

South Africa

550

55%

444

56%

East and West Africa

163

16%

130

16%

North America

83

8%

70

9%

South America

113

11%

86

11%

Australia

82

10%

68

8%

Total revenues

991

100%

798

100%

In the first six months of 2003, 55 percent of AngloGold's total revenues were derived from operations in South Africa, compared to 56 percent in the same period in 2002. Operations in East and West Africa accounted for 16 percent of AngloGold's total revenues during the six months ended June 30, 2003, compared to 16 percent during the same period in 2002. During the six months ended June 30, 2003, America, South America and Australia each accounted for approximately 8 percent, 11 percent and 11 percent of total revenues compared with 9 percent, 11 percent and 8 percent, respectively, during the six months ended June 30, 2002.

**Assets**

**At June 30, 2003**

**At December 31, 2002**

**US dollar,**

**millions**

**Percentage**

**US dollar,**

**millions**

**Percentage**

Geographical area data

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Total segment assets

South Africa

2,351

49%

2,243

49%

East and West Africa

877

18%

837

18%

North America

431

9%

557

12%

South America

587

12%

455

10%

Australia

537

12%

485

11%



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Total segment assets

4,783

100%

4,577

100%

At June 30, 2003, 49 percent of AngloGold's total assets were located in South Africa compared with 49 percent as at December 31, 2002. East and West African assets of AngloGold represented 18 percent of AngloGold's total assets at June 30, 2003 while at the end of December 2002 this share the same. American assets accounted for 9 percent of total assets at June 30, 2003 compared with 12 percent at December 31, 2002. The decrease in the value of the North American assets as a percentage of total assets was mainly due to the disposal by AngloGold of its 70 percent interest in the Jerritt Canyon Joint Venture.

23





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North America to Queenstake Resources USA Inc. effective June 30, 2003. South American and Australian assets both accounted for 12 percent of total assets at June 30, 2003 compared with 10 percent and 10 percent, respectively, at December 31, 2002.

### **Comparison of financial performance for the six months ended June 30, 2003 and 2002**

#### **Revenues**

Revenues from product sales and other income increased from \$798 million in the first six months of 2002 to \$991 million in the comparable period in 2003, representing a 24 percent increase over the period primarily due to the increase in the gold price in 2003 when compared with 2002 and, to a lesser extent, to higher production in 2003 compared to 2002. The average spot price of gold was \$349 per ounce during the six months ended June 30, 2003, \$47 per ounce, or 16 percent, higher than \$302 per ounce, the average spot price in the first six months of 2002. The majority of product sales consisted of US dollar-denominated gold sales.

Revenues from the South African operations increased by \$109 million to \$536 million over the six months ended June 30, 2003 from \$427 million realized in the same period in 2002, as a direct result of the higher gold price. This was achieved despite a total decrease in gold production from operations located in South Africa by 75,000 ounces from 1,687,000 ounces produced in the six months to June 30, 2002, to 1,612,000 ounces produced over the same period of 2003.

Revenues derived from East and West African operations increased by \$31 million to \$160 million over the six months ended June 30, 2003 from \$129 million realized in the same period in 2002, mainly as a result of a \$27 million increase in revenue from Morila due to a higher recovered grade and tonnage throughout the period.

Revenues derived from the South American operations increased by \$26 million to \$112 million over the six months ended June 30, 2003 from \$86 million realized in the same period in 2002, mainly due to the increase in the gold price and the additional 46.25 percent interest acquired during July 2002 in the Cerro Vanguardia mine in Peru. Cerro Vanguardia recorded a \$15 million increase in revenue in the first six months of 2003 when compared with 2002.

Revenues from North America and Australia both amounted to \$82 million during the first six months of 2003 compared to \$69 million and \$68 million, respectively, during the same period in 2002.

#### **Production costs**

During the six month period ended June 30, 2003, AngloGold incurred production costs of \$600 million, representing an increase of \$188 million, or 46 percent, over \$412 million recorded for the comparable period in 2002.

This increase is primarily due to higher production costs in AngloGold's South Africa operations, increased by \$145 million to \$382 million in the first six months of 2003 from \$237 million in the same period in 2002. The reason for this increase is twofold: first, the strengthening of the South African Rand against the US dollar and, second, increase in support costs, additional labour, contractor and other costs and higher bonus and overtime payments. About 64 percent of AngloGold's production costs were denominated in South African rands in the first six months of 2003.





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During the six months ended June 30, 2003, the biennial wage negotiations with the South African unions were completed. The agreement reached is expected to have the effect of increasing employee costs at AngloGold's South African operations by approximately 10 percent per annum, including the provisions for increased leave and employer contributions to retirement funding. It remains AngloGold's commitment to ensure that this increase does not lead to a material increase in unit labour costs. AngloGold's South African operations, through continuing productivity improvement programmes, which have seen individual employee productivity improve by 18 percent over the last five years. Employment is the largest component of production costs because AngloGold's mining operations are labor intensive. Approximately 87 percent of AngloGold's workforce is located in South Africa, of which approximately 80 percent belongs to registered and unregistered trade unions in South Africa.

East and West African operations recorded production costs of \$70 million in the first six months of 2003, compared with \$54 million during the same period in 2002. This increase of \$16 million over 2002, mainly the result of the treatment of harder rock at Semos and higher costs associated with deeper and longer haulage distances at Geita.

Production costs recorded from the Australian operations increased by \$12 million from \$44 million during the first six months of 2002 to \$56 million during the same period in 2003, mainly as a result of the strengthening of the Australian dollar against the US dollar as well as an unfavorable inventory position which resulted from a significant build up in stocks, particularly gold in circuit, during the half year. The extension of mining activities at Union Reefs also resulted in additional production costs in 2003. The period.

North American and South American operations recorded production costs of \$54 million and \$38 million during the first six months of 2003, compared to \$44 million and \$33 million during the same period in 2002.

### ***Exploration costs***

Exploration costs increased from \$13 million in the six months ended June 30, 2002 to \$18 million in the same period in 2003, mainly as a result of increased levels of exploration in Mali and Tanzania in the West African region, Brazil and Peru in the South American region as well as exploration drilling in the Australian region.

### ***Related party transactions***

In the first six months of 2003, charges for related party transactions with subsidiaries of AngloGold (AA plc) and with associates of AngloGold amounted to \$10 million compared with \$9 million recorded in the six months ended June 30, 2002. The additional charges of \$10 million included under related party transactions for the six months ended June 30, 2002 relate to the settlement by AngloGold of a claim in respect of an alleged breach of contract.

### ***General and administrative***

General and administrative expenses increased from \$10 million in the six months ended June 30, 2002 to \$23 million in the same period of 2003, mainly as a result of annual salary increments and approval changes relating to information technology infrastructure upgrades. The strengthening of the South African rand relative to the US dollar also negatively impacted on general and administrative expenses as approximately 90 percent of these costs are South African rand denominated.







**Royalties**

Royalties paid by AngloGold increased from \$9 million for the six months ended June 30, 2002, to \$10 million paid in the comparable period in 2003, with royalties paid in East and West Africa, North and South America and Australia amounting to \$8 million, \$4 million and \$2 million, respectively, in 2003 compared to \$7 million, \$2 million and \$1 million, respectively, in 2002. This increase from 2002 is due in part to higher production and higher gold prices and resultant revenues in East and West Africa with royalties in the Malian and Tanzanian governments calculated as a percentage of revenues.

**Market development costs**

Market development costs of \$8 million recorded in the six months ended June 30, 2003, remained unchanged from the same period in 2002.

**Depreciation, depletion and amortization**

Depreciation, depletion and amortization expense increased to \$155 million in the first six months of 2003 when compared to \$150 million recorded in the same period in 2002. In South Africa, depreciation and amortization expense decreased by \$2 million from \$53 million incurred in the six months ended June 30, 2002 to \$51 million in the same period for 2003. Lower depreciation, depletion and amortization expense recorded at the South African operations during the first six months of 2003 was partially offset by higher depreciation, depletion and amortization charges for the East and West African and South American operations (\$32 million and \$28 million, respectively, in the six months ended June 30, 2003 compared to \$30 million and \$20 million, respectively, in the same period in 2002) mainly due to an increase in production. The North American and Australian operations recorded depreciation, depletion and amortization expense of \$28 million and \$16 million, respectively, in the six months ended June 30, 2003, compared to \$25 million and \$18 million, respectively, for the same period in 2002.

**Impairment of assets**

In the six months ended June 30, 2003 AngloGold recorded an impairment of assets of \$12 million resulting from the abandonment of exploration activities in the Australian region. No impairment of assets was recorded in the six months ended June 2002.

**Interest expense**

Interest expense decreased from \$24 million recorded in the six months ended June 30, 2002 to \$17 million in the same period of 2003, a 29 percent decrease. The decrease in interest expense from 2002 was due to both lower prevailing LIBOR rates to which most of AngloGold's debt is pegged and the refinancing of AngloGold of its debt with lower interest rate facilities.

**Accretion expense**

In the six months ended June 30, 2003 AngloGold recorded an accretion expense of \$3 million relating to the adoption of SFAS 143 "Accounting for Asset Retirement Obligations (ARO's)", with effect from January 1, 2003 as described by note D "Accounting change" to the condensed consolidated financial statement contained in this interim report. Accretion relates to the unwinding of discounted future reclamation obligations to present values and increases the reclamation obligations to its future estimated present value.





***Employment severance cost***

Employment severance costs decreased to \$1 million during the six months ended June 30, 2003 from \$2 million in the same period in 2002.

***Profit/loss on sale of assets***

The profit on sale of assets of \$3 million recorded in the six months ended June 2003 relates to the sale of AngloGold of its 70 percent interest in the Jerritt Canyon Joint Venture in North America to Queen Resources USA Inc. and its wholly owned Amapari Project in North Brazil. The loss on sale of assets of \$1 million recorded in the six months ended June 2002 relates to the sale of the investment in Norma Resources in January 2002 as described by note F "(Profit)/loss on sale of assets" to the condensed consolidated financial statements contained in this interim report.

***Gain on derivatives***

A gain on derivatives of \$39 million was recorded in the first six months of 2003 compared to a gain of \$1 million in the same period in 2002 relating to the use of commodity instruments that are not classified as hedging instruments for financial reporting purposes.

***Deferred income and mining tax expense/benefit***

Deferred income and mining tax expense increased from a net tax benefit of \$11 million recorded in the first six months of 2002 which included tax credits of \$50 million relating to the disposal of the Free State assets to a net tax charge of \$67 million in the same period of 2003. The Free state assets were disposed of at a value, effective January 1, 2002 to Harmony Gold Mining Company Limited and African Rainbow Minerals Limited ("ARM"). The increase in mining taxation charges in the first half of 2003 is also due to an increase in profit to revenue ratios in the South African region in the comparable period in 2002.

***Cumulative effect of accounting change***

AngloGold adopted SFAS 143 "Accounting for Asset Retirement Obligations (ARO's)" with effect from January 1, 2003. This resulted in a cumulative change in accounting policy effect of \$6 million (a net provision for deferred taxation) reflected in the six-month period ended June 30, 2003.

***Net income***

As a result of the factors detailed above, net income decreased by \$81 million from \$187 million in the first six months of 2002 to \$106 million in the same period in 2003.

***Liquidity and capital resources***

Net cash provided by operating activities was \$224 million in the first six months of 2003, \$22 million higher than \$202 million for the comparable period in 2002. This is mainly the result of higher unit prices of gold which was partially offset by higher unit cash costs per ounce over the first six months of 2003 compared with the same period in 2002. A detailed discussion of the movement in net income is included under "Comparison of financial performance for six months ended June 30, 2003 and 2002"





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Investing activities during the first six months of 2003 resulted in a net cash outflow of \$123 million with an inflow of \$159 million in the first six months in 2002. This increase in cash outflows was due to acquisitions and disposals of operations and the additions to property, plant and equipment. In the six months ended June 30, 2002, AngloGold received net cash consideration of \$141 million for the disposal of the Free State assets in April 2002 and proceeds of \$158 million for the Normandy investment in January 2002.

Additional cash outflows for investing activities during the six months ended June 30, 2003 related to expenditures of \$126 million, compared to \$118 million in the same period in 2002. A majority of the expenditures of \$126 million recorded in the six months ended June 30, 2003 relate to the following or recently completed capital projects:

Six months ended June 30,

2003

US dollar

(million)

2002

US dollar

(million)

Mponeng Shaft Deepening Project

13

5

TauTona Project

6

1

Moab Khotsong

28

8

Cripple Creek & Victor Expansion

11

18

Sunrise Dam Project

-

4

Net cash used in financing activities over the first six months of 2003 amounted to \$221 million, compared to \$25 million from \$246 million recorded in the comparable period of 2002, comprising normal scheduled repayments in terms of loan agreements of \$51 million and drawings under various long-term loan agreements of AngloGold totaling \$18 million during the first half of 2003. AngloGold made dividend



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payments of \$190 million (82 US cents per ordinary share) in the six months ended June 30, 2003 compared with dividends of \$109 million (49 US cents per ordinary share) paid in the same period in 2002, an increase. Higher dividends were financed from higher cash generated from operations.

As a result of the items discussed above, at June 30, 2003, AngloGold had \$311 million of cash and cash equivalents compared with \$413 million at December 31, 2002. At June 30, 2003, AngloGold had available but undrawn a total of \$302 million under its credit facilities.

During 2003, approximately \$88 million of AngloGold's debt is scheduled to mature. The \$400 million unsecured syndicated loan facility becomes due in May 2004. The amount drawn under this facility was \$312 million as at June 30, 2003. AngloGold expects to finance the repayment of debt scheduled to mature in 2003 and 2004 from existing cash resources, cash generated from future operations and its present and future debt facilities.

### **Critical accounting policies**

The preparation of AngloGold's financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that can affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities. At the date of the financial statements and the reported amounts of revenues and expenses during the year ended June 30, 2003, the following are considered to be a change to the accounting policies. These policies are most critical to AngloGold's results of operations, financial condition and cash flows, as disclosed in the Company's annual report on Form 20-F for the year ended December 31, 2002.





**Asset Retirement Obligations**

The Company has adopted SFAS143 "Accounting for Asset Retirement Obligations (AROs)" with effect 1 January 2003 as follows:

The statement provides accounting and reporting guidance for legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction or normal operation of assets. SFAS143 applies to legal obligations associated with the retirement of long-lived assets from the acquisition, construction and/or the normal operation of a long-lived asset.

Under SFAS143 the fair value of a liability for an asset retirement obligation is recorded in the period in which it is incurred. When the liability is initially recorded, the cost is capitalized by increasing the carrying amount of the related long-lived asset. Over time, the liability is increased to reflect an interest element considered in its initial measurement at fair value, and the capitalized cost is amortized over the useful life of the related asset. Upon settlement of the liability, a gain or loss will be recorded if the actual cost is different than the liability recorded.

The adoption of SFAS143 on January 1, 2003 resulted in an increase in Property, plant and equipment of \$12 million, an increase in Provision for environmental rehabilitation of \$6 million and a cumulative effect adjustment on adoption which increased net income and stockholder's equity by \$6 million. No increase in Deferred tax and mining tax was recorded upon the adoption of SFAS143.

**Hedging overview**

AngloGold manages its revenue risk through an actively directed forward sales program. At a meeting of the AngloGold board on July 30, 2003, a decision was taken to review the current hedging limit of 50 percent of five years gold production. In the light of the enduring strength of the dollar spot gold price and the stability of AngloGold's operations, it was decided to change the targeted level of forward-price commitments to 10 percent of five years production. In addition, it was confirmed that management would continue to have latitude to put new forward-pricing contracts in place where the gold price and operating circumstances make this necessary or prudent. AngloGold has seldom been close to this limit and then mainly through the sale of production from acquisitions and debt financing of new assets where the terms of loans have required that a portion of the production from these assets is sold forward.

At June 30, 2003, the net delta hedge position of AngloGold was at 8.73 million ounces, 1.55 million ounces lower than the net delta hedge position at December 31, 2002 and 17 percent lower than the net delta hedge position at 10.53 million ounces as at June 30, 2002. The marked-to-market valuation of this position at June 30, 2003 was negative \$179 million. These figures reflect the ongoing reduction in forward price commitments of AngloGold.

**AngloGold's net delta open hedge position at June 30, 2003**

At June 30, 2003, AngloGold had outstanding the following forward-pricing commitments against future gold production. The total net delta tonnage of the hedge on this date was 8.73 million ounces (at December 31, 2002: 10.28 million ounces). This is calculated using the Black-Scholes option formula with the current gold prices, interest rates and volatilities as at June 30, 2003.

The marked-to-market value of all hedge transactions making up the hedge positions was a negative US\$179 million at June 30, 2003 (at December 31, 2002: negative US\$447 million). These values were based on a gold price of US\$346 per ounce, exchange rates of R/US\$7.55 and A\$/US\$0.6761 and the prevailing market interest rates and volatilities at the time.







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At July 30, 2003, the marked-to-market value of the hedge book was a negative US\$355 million based on a gold price of US\$358 per ounce and exchange rates of R/US\$7.37 and A\$/US\$0.6569 and the prevailing market interest rates and volatilities at the time.

These marked-to-market valuations are not predictive of the future value of the hedge position, or future impact on the revenue, of AngloGold. The valuation represents the cost of buying all hedges at the time of valuation, at market prices and rates available at the time.

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AngloGold's hedge position as at June 30, 2003

The following table indicates AngloGold's gold hedge position at a weighted average settlement price as at June 30, 2003 (references in the table to "\$" are to the US dollar and references to "A\$" are to the Australian dollar)

Year

2003

2004

2005

2006

2007

2008-2012

Total

DOLLAR GOLD

Forward contracts

Amount (kg)

16,811

26,576

19,862

18,974

25,878

108,101

\$

per

oz

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	\$311	\$324	\$333	\$337
<b>Put options purchased</b>				
<b>Amount (kg)</b>				
1,266				
3,906				
757				
563				
728				
7,220				
\$				
per				
oz				
\$383	\$376	\$291	\$291	\$292
\$354				
<b>*Delta</b>				
<b>(kg)</b>				
890	2,302	110		
90	119			
3,511				
<b>Put options sold</b>				
<b>Amount (kg)</b>				
12,006				
10,886				
22,892				

\$

per

oz \$328

\$340

\$334

\*Delta

(kg)

3,307

4,065

7,372

Call options purchased

Amount (kg)

1,267

572

1,839

\$

per

oz \$339

\$360

\$345

\*Delta

(kg) 795

256

1,051

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Call options sold

Amount (kg)

16,289

9,250

16,360

14,681

14,308

54,245

125,133

\$

per

oz

\$349

\$337

\$322

\$329

\$336

\*Delta

(kg)

8,005

5,716

11,614

10,030

9,568

RAND GOLD

Forward contracts

Amount (kg)

4,593

11,076

9,078

4,500

4,541

3,732

37,520

Rand per kg

R60,137

R94,277

R116,891

R96,436

R114,915

R119,580

R100,843

Put options purchased

Amount (kg)

1,875

1,875

1,875

1,875

7,500

Rand per kg

R93,602

R93,602

R93,602

R93,602

R93,602

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\*Delta

(kg)

1,125

749

575

2,888

Put options sold

Amount (kg)

Rand per kg

\*Delta

(kg)

Call options purchased

Amount (kg)

1,244

1,244

Rand per kg

R77,162



R77,162

\*Delta

(kg)

1,244

1,244

Call options sold

Amount (kg)

5,909

4,688

4,687

4,688

2,986

11,944

34,902

Rand per kg

R100,045

R115,284

R131,944

R132,647

R173,119

R209,288

R154,391

\*Delta

(kg)

1,176

1,273

1,448

1,744

379

A DOLLAR GOLD

Forward contracts

Amount (kg)

6,853

5,443

6,221

9,331

8,398

13,343

49,589

A\$ per oz

A\$501

A\$549

A\$683

A\$664

A\$635

A\$654

A\$624

Put options purchased

Amount (kg)

A\$ per oz

\*Delta

(kg)

Put options sold

Amount (kg)

933

933

A\$ per oz

A\$530

A\$530

\*Delta

(kg) 705

705

Call options purchased

Amount (kg)

3,888

3,110

6,221

3,732

11,197

28,148

A\$ per oz

A\$701

A\$724

A\$673

A\$668

A\$702

A\$693

\*Delta

(kg)

13

382

1,994

1,408

5,186

8,983

Call options sold

Amount (kg)

6,532

6,532

A\$ per oz

A\$634

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A\$634

\*Delta

(kg) 624

624

Delta

(kg)

17,202	39,050	55,239	44,002	40,571
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Total net gold:

Delta

(oz)

553,058	1,255,473	1,775,977	1,414,706	1,304,399
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\*

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 June 30, 2003





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The following table indicates the group's currency hedge position at June 30, 2003

Year

2003

2004

2005

2006

2007

2008-2012

Total

RAND DOLLAR (000)

Forward

contracts

Amount

(\$)

Rand

per

\$

Put options purchased

Amount (\$)



Rand

per

\$

\*Delta (\$)

Put options sold

Amount (\$)

Rand

per

\$

\*Delta (\$)

Call

options

purchased

Amount

(\$)

Rand

per

\$

\*Delta (\$)

Call

options

sold

Amount

(kg)

20,000

20,000

Rand

per

\$

R7.97

R7.97

\*Delta

(\$) 5,802

5,802

A DOLLAR (000)

**Forward contracts**

**Amount (\$)**

29,428

29,275

10,847

69,550

**\$ per A\$**

A\$0.59

A\$0.59

A\$0.51

A\$0.58

\*

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 June 30, 2003.

**Recent developments**

On May 16, 2003, AngloGold issued a cautionary announcement to shareholders in which it confirmed the boards of Ashanti Goldfields Company Limited and AngloGold were in discussion regarding the merger of the two companies at a ratio of 26 AngloGold shares for every 100 Ashanti ordinary shares global depository securities. These proposals may or may not lead to a proposal being made for the

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issued share capital of Ashanti. A further cautionary announcement, advising shareholders to exercise caution in dealing in AngloGold's shares was issued on June 13, 2003.

On May 23, 2003, AngloGold announced that it had signed an agreement to sell its wholly-owned Amapari Project to Mineracao Pedra Branca do Amapari, for the total consideration of \$18.2 million. The Amapari project is located in the State of Amapa, North Brazil. Since acquiring the property as part of this transaction, the Company has sought to prove up additional reserve ounces in order to get it to a level 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 into a mine, agreed to sell.

On June 6, 2003, AngloGold announced that it had finalized the sale of its 49 percent stake in the Tarcoola Craton Joint Venture, including the Tunkillia project located in South Australia to Helix Resources. Consideration for the sale comprised cash of \$500,000 (A\$750,000), 1.25 million fully-paid Helix shares issued at A\$0.20 per share and 1.25 million Helix options exercisable at A\$0.25 per option before June 30, 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, 10 kilometres to the south, was excluded from the final agreement. This resulted in a restructuring of the agreement terms, as announced on April 8, 2003.

On July 2, 2003, AngloGold announced that it had concluded the sale of its interest in the Jerritt Canyon Joint Venture to Queenstake Resources USA Inc. effective June 30, 2003. This followed negotiations originally announced on February 27, 2003. Queenstake paid the Jerritt Canyon Joint Venture partners, AngloGold and Meridian Gold, \$1.5 million in cash and 32 million shares issued by a subsidiary, Queenstake Resources Limited, with \$6 million in deferred payments and \$4 million in future royalty payments. Queenstake Resources Limited's full closure and reclamation liabilities. AngloGold's shareholding represents approximately 9.2 percent of Queenstake Resources Limited's issued share capital and, although it does not currently have any





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to acquire additional shares in Queenstake, depending on the market price of Queenstake shares, economic and industry conditions and other factors, and subject to applicable securities laws, AngloGold may either sell its shares in Queenstake or acquire additional shares.

On July 30, 2003 the directors of AngloGold declared an interim dividend of 375 South African cents (approximately 51 US cents) per ordinary share for the six months ended June 30, 2003 with a record date of August 22, 2003 and a payment date of August 29, 2003 for holders of ordinary shares and CDIs, and September 12, 2003 for holders of ADSs.

### **AngloGold Riches of Africa Jewellery Design Competition**

A leader in gold marketing internationally, AngloGold is involved in a range of projects to increase demand for gold jewellery through enhancing its image and desirability. These have included the sponsorship of a number of gold jewellery competitions, which the company has found to be an effective way of encouraging designers to experiment with new styles and techniques in gold.

When AngloGold established the Riches of Africa gold jewellery design competition in South Africa there were further objectives in mind. These were to use the competition to enhance local skills, to support the local gold jewellery industry, and to use the event to showcase the design and goldsmithing capabilities of South Africans.

With the recent unveiling of the fifth gold jewellery collection Riches of Africa 2003 in Johannesburg it seems appropriate to reflect on what has been achieved since the competition was launched. Support for the event has grown, with the number of entries growing from 204 in 1999 to 1,112 in 2003. Unquestionably if the collections of the first and fifth competitions are compared the pieces of 2003 are more impressive and more visually arresting and definitely bolder than those of 1999.

This does not detract from the achievements of the first winners. The progress is testimony to the value of competitions, challenging people to try ever harder to improve standards and to innovate. As a consequence of changes to the rules every year. These changes have been made in the interests of fine tuning competition conditions to give entrants every chance to produce the best work possible. The changes that have been made are the introduction of a theme; the holding of workshops for all entrants; the opening of the competition to non-jewellers, making the event accessible to people involved in all gold disciplines; and the scrapping of separate categories for professionals and amateurs. The most significant development in 2003 has been to allow participants to include both white and coloured gold in the competition.

The Riches of Africa collections are exhibited throughout South Africa and abroad, either in fashion shows where they are teamed with designer garments or in exhibitions.

AngloGold is proud of the role that Riches of Africa has played in bringing the talents of South African jewellery designers and goldsmiths to the attention of a wide audience.

### **Forward-looking statements**

Except for historical information, there may be matters discussed in this interim report that are forward looking statements. In particular, the statements made under "Gold market" regarding the future performance of the gold market, "Operating review Gold production" and "Capital expenditures" regarding the future operating performance and "Financial review Production costs" regarding the financial performance of AngloGold are forward looking statements. Any such statement is only a prediction and actual results, costs or events may differ materially. For a discussion of important factors not limited to, development of AngloGold's business, the economic outlook in the gold industry, exchange rates regarding gold prices and production, and other factors which could cause actual results, costs or events to differ materially from such forward-looking statements, refer to AngloGold's annual report on Form 20-F for the year ended December 31, 2002 which was filed with the United States Securities and Exchange Commission (SEC) on April 7, 2003.







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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Current Report to be signed on its behalf by the undersigned, thereunto duly authorized.

AngloGold Limited

Date: July 31, 2003

By: /s/ C R BULL

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Name: C R Bull  
Title: Company Secretary